



# S A W P A

SANTA ANA WATERSHED PROJECT AUTHORITY

11615 Sterling Avenue, Riverside, California 92503 • (951) 354-4220

## REGULAR COMMISSION MEETING TUESDAY, NOVEMBER 20, 2018 – 9:30 A.M.

### AGENDA

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE (Mark Bulot, Chair)

2. ROLL CALL

3. ADMINISTER OATH OF OFFICE

- Bruce Whitaker, Commissioner from Orange County Water District
- Denis R. Bilodeau, P.E., Alternate Commissioner from Orange County Water District

4. PUBLIC COMMENTS

Members of the public may address the Commission on items within the jurisdiction of the Commission; however, no action may be taken on an item not appearing on the agenda unless the action is otherwise authorized by Government Code §54954.2(b).

5. CONSENT CALENDAR

All matters listed on the Consent Calendar are considered routine and non-controversial and will be acted upon by the Commission by one motion as listed below.

- A. APPROVAL OF MEETING MINUTES: NOVEMBER 6, 2018..... 7  
**Recommendation:** Approve as posted.
- B. TREASURER’S REPORT – OCTOBER 2018 ..... 11  
**Recommendation:** Approve as posted.

6. NEW BUSINESS

- A. FISCAL YEAR 2017-18 REPORT ON AUDIT (CM#2018.117) ..... 17  
**Presenter:** Karen Williams  
**Recommendation:** Review the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2018, which includes the Report on Audit prepared by Teaman, Ramirez & Smith, Inc.: (1) Accept the CAFR, including the Report on Audit as prepared by Teaman, Ramirez & Smith, Inc.; (2) Direct staff to file the Report with the respective government agencies as required by law; and, (3) Direct staff to submit the CAFR, with any necessary changes, for the Certificate of Achievement for Excellence in Financial Reporting Award.

- B. [AWARD OF CONTRACT FOR STATE ADVOCACY AND LOBBYING SERVICES \(CM#2018.118\)](#) ..... 155  
**Presenter:** Larry McKenney  
**Recommendation:** Approve award of contract to West Coast Advisors to provide advocacy and lobbying services in Sacramento for a period of two (2) years in an amount not to exceed \$235,000, with an option for two (2) additional years in an amount not to exceed \$240,000.
- C. [ADOPT RESOLUTION NO. 2018.11 IN RECOGNITION OF OUTGOING COMMISSIONER THOMAS P. EVANS](#) ..... 191  
**Presenter:** Rich Haller  
**Recommendation:** Adopt Resolution No. 2018.11 in recognition of outgoing Commissioner Thomas P. Evans.
- D. [ADOPT RESOLUTION NO. 2018.12 IN RECOGNITION OF OUTGOING COMMISSIONER MARK BULOT](#) ..... 193  
**Presenter:** Rich Haller  
**Recommendation:** Adopt Resolution No. 2018.12 in recognition of outgoing Commissioner Mark Bulot.

7. **INFORMATIONAL REPORTS**

**Recommendation:** Receive for information.

- A. [CASH TRANSACTIONS REPORT – SEPTEMBER 2018](#) ..... 195  
**Presenter:** Karen Williams
- B. [INTER-FUND BORROWING – SEPTEMBER 2018 \(CM#2018.115\)](#) ..... 201  
**Presenter:** Karen Williams
- C. [PERFORMANCE INDICATORS/FINANCIAL REPORTING – SEPTEMBER 2018 \(CM#2018.116\)](#) ..... 205  
**Presenter:** Karen Williams
- D. [GENERAL MANAGER REPORT](#) ..... 229
- E. [SAWPA GENERAL MANAGERS MEETING NOTES](#) ..... 235
  - November 13, 2018
- F. **CHAIR’S COMMENTS/REPORT**
- G. **COMMISSIONERS’ COMMENTS**
- H. **COMMISSIONERS’ REQUEST FOR FUTURE AGENDA ITEMS**

8. **CLOSED SESSION**

There were no Closed Session items anticipated at the time of the posting of this agenda.

9. **ADJOURNMENT**

Americans with Disabilities Act: If you require any special disability related accommodations to participate in this meeting, call (951) 354-4230 or email [kberry@sawpa.org](mailto:kberry@sawpa.org). 48-hour notification prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility for this meeting. Requests should specify the nature of the disability and the type of accommodation requested.

Materials related to an item on this agenda submitted to the Commission after distribution of the agenda packet are available for public

inspection during normal business hours at the SAWPA office, 11615 Sterling Avenue, Riverside, and available at [www.sawpa.org](http://www.sawpa.org), subject to staff's ability to post documents prior to the meeting.

**Declaration of Posting**

I, Kelly Berry, Clerk of the Board of the Santa Ana Watershed Project Authority declare that on Thursday, November 15, 2018, a copy of this agenda has been uploaded to the SAWPA website at [www.sawpa.org](http://www.sawpa.org) and posted at the SAWPA office, 11615 Sterling Avenue, Riverside, California.

/s/

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Kelly Berry, CMC

**2018 SAWPA Commission Meetings/Events**

First and Third Tuesday of the Month

(NOTE: Unless otherwise noticed, all Commission Workshops/Meetings begin at **9:30 a.m.**, and are held at SAWPA.)

<b>January</b>		<b>February</b>	
1/2/18	<del>Commission Workshop</del> [cancelled]	2/6/18	Commission Workshop
1/16/18	Regular Commission Meeting	2/20/18	Regular Commission Meeting
<b>March</b>		<b>April</b>	
3/6/18	Commission Workshop	4/3/18	Commission Workshop
3/20/18	Regular Commission Meeting	4/17/18	Regular Commission Meeting
<b>May</b>		<b>June</b>	
5/1/18	Commission Workshop	6/5/18	Commission Workshop
5/8 – 5/11/18	ACWA Spring Conference, Sacramento	6/19/18	Regular Commission Meeting
5/15/18	Regular Commission Meeting		
<b>July</b>		<b>August</b>	
7/3/18	<del>Commission Workshop</del> [cancelled]	8/7/18	Commission Workshop
7/17/18	Regular Commission Meeting	8/21/18	Regular Commission Meeting
<b>September</b>		<b>October</b>	
9/4/18	Commission Workshop	10/2/18	Commission Workshop
9/18/18	Regular Commission Meeting	10/16/18	Regular Commission Meeting
<b>November</b>		<b>December</b>	
11/6/18	Commission Workshop	12/4/18	Commission Workshop
11/20/18	Regular Commission Meeting	12/18/18	Regular Commission Meeting
11/27 – 11/30/18	ACWA Fall Conference, San Diego		

**2019 SAWPA Commission Meetings|Events|Important Dates**

First and Third Tuesday of the Month

(NOTE: Unless otherwise noticed, all Commission Workshops/Meetings begin at **9:30 a.m.**, and are held at SAWPA.)

<b>January</b> 1/1/19      Holiday – No Meeting 1/15/19     Regular Commission Meeting	<b>February</b> 2/5/19      Commission Workshop 2/19/19     Regular Commission Meeting
<b>March</b> 3/5/19      Commission Workshop 3/19/19     Regular Commission Meeting 3/29/19     OWOW Conference 2019, Cal State Fullerton	<b>April</b> 4/2/19      Commission Workshop 4/16/19     Regular Commission Meeting
<b>May</b> 5/7/19      Commission Workshop 5/7 – 5/10/19 ACWA Spring Conference, Monterey 5/21/19     Regular Commission Meeting	<b>June</b> 6/4/19      Commission Workshop 6/18/19     Regular Commission Meeting
<b>July</b> 7/2/19      Commission Workshop 7/16/19     Regular Commission Meeting	<b>August</b> 8/6/19      Commission Workshop 8/20/19     Regular Commission Meeting
<b>September</b> 9/3/19      Commission Workshop 9/17/19     Regular Commission Meeting	<b>October</b> 10/1/19     Commission Workshop 10/15/19    Regular Commission Meeting
<b>November</b> 11/5/19     Commission Workshop 11/19/19    Regular Commission Meeting	<b>December</b> 12/3/19     Commission Workshop 12/17/19    Regular Commission Meeting 12/3 – 12/6/19 ACWA Fall Conference, San Diego

# SAWPA COMPENSABLE MEETINGS

Commissioners and Alternate Commissioners will receive compensation for attending the meetings listed below, pursuant to the Commission Compensation, Expense Reimbursement, and Ethics Training Policy.

**IMPORTANT NOTE:** These meetings are subject to change. Prior to attending any meetings listed below, please confirm meeting details by viewing the website calendar using the following link:

<http://www.sawpa.org/sawpa-events/>

## MONTH OF: DECEMBER 2018

DATE	TIME	MEETING DESCRIPTION	LOCATION
12/4/18	8:30 AM	PA 23 Committee Mtg	SAWPA
12/18/18	8:30 AM	PA 22 Committee Mtg (Adjourned from 11/15/18)	SAWPA
12/20/18	4:00 PM	LESJWA Board of Directors Mtg	Elsinore Valley MWD 31315 Chaney Street Lake Elsinore, CA

## MONTH OF: JANUARY 2019

DATE	TIME	MEETING DESCRIPTION	LOCATION
1/8/19	1:00 PM	Basin Monitoring Program Task Force Mtg	SAWPA
1/9/19	9:00 AM	MSAR TMDL Task Force Mtg	SAWPA
1/9/19	1:00 PM	Lake Elsinore/Canyon Lake TMDL Task Force Mtg	SAWPA
1/24/19	8:00 AM	PA 22 Committee Mtg	SAWPA
1/24/19	11:00 AM	OWOW Steering Committee Mtg	SAWPA

*Please Note: We strive to ensure the list of Compensable Meetings set forth above is accurate and up-to-date; the list is compiled based on input from SAWPA staff and Department Managers regarding meeting purpose and content.*

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**SAWPA COMMISSION  
REGULAR MEETING MINUTES  
NOVEMBER 6, 2018**

**COMMISSIONERS PRESENT**

Mark Bulot, Chair, San Bernardino Valley Municipal Water District  
Ronald W. Sullivan, Vice Chair, Eastern Municipal Water District  
Kati Parker, Alternate, Inland Empire Utilities Agency  
Bruce Whitaker, Orange County Water District  
Thomas P. Evans, Western Municipal Water District

**COMMISSIONERS ABSENT**

Jasmin A. Hall, Secretary-Treasurer, Inland Empire Utilities Agency

**ALTERNATE COMMISSIONERS  
PRESENT; NON-VOTING**

Brenda Dennstedt, Alternate, Western Municipal Water District (9:46 a.m.)

**STAFF PRESENT**

Rich Haller, Larry McKenney, Karen Williams, Mark Norton, Dean Unger,  
David Ruhl, Carlos Quintero, Ian Achimore, Kelly Berry

The Regular Commission Meeting of the Santa Ana Watershed Project Authority was called to order at 9:30 a.m. by Chair Bulot at the Santa Ana Watershed Project Authority, 11615 Sterling Avenue, Riverside, California.

**1. CALL TO ORDER/PLEDGE OF ALLEGIANCE**

**2. ROLL CALL**

Roll call was duly noted and recorded by the Clerk of the Board.

**3. PUBLIC COMMENTS**

There were no public comments.

**4. CONSENT CALENDAR**

**A. APPROVAL OF MEETING MINUTES: OCTOBER 16, 2018**

Recommendation: Approve as posted.

**MOVED**, approve the Consent Calendar.

Result:	<b>Adopted (Unanimously)</b>
Motion/Second:	Whitaker/Sullivan
Ayes:	Bulot, Evans, Parker, Sullivan, Whitaker
Nays:	None
Abstentions:	None
Absent:	None

## 5. NEW BUSINESS

### A. BRINE LINE DISCHARGER SUMMARY FISCAL YEAR 2017-18 (CM#2018.109)

Carlos Quintero provided the PowerPoint presentation contained in the agenda packet (pages 23-26) with an overview of Brine Line dischargers and discharge composition. Staff is working with the California Institution for Women relating to increased flow; staff will provide future updates to the Commission. Rich Haller advised staff will update the Commission regarding the Brine Line marketing plan and the lease capacity agreement. Commissioner Evans noted the value the Brine Line provides for economic development within the region, and he would like staff to report back to the Commission efforts in working with municipal economic development agencies.

This item was for informational and discussion purposes; no action was taken on Agenda Item No. 5.A.

### B. BRINE LINE BILLING FORMULA (CM#2018.112)

Carlos Quintero provided the PowerPoint presentation contained in the agenda packet (pages 29-33); Bryan Trussell, P.E., and Emily Owens-Bennett, Trussell Technologies, provided a PowerPoint presentation with an update on Brine Line solids formation including an overview of the monitoring program. There has been a long record of inconsistency between solids discharged into the Brine Line and solids observed at the County Line. The more recent assessment period shows an overall net decrease of total load of solids formed within the line, but the ratio of formed versus discharged over the past year reflects a fairly stable ratio. Staff recommended additional monitoring before considering any changes to the billing formula.

Recommended next steps include implementing changes to the monitoring such as monthly solids characterization at the County Line (rather than quarterly) and paired sampling of total and dissolved parameters for dischargers. In light of system changes and monitoring data challenges, collection of data through March 2019 was recommended, at which time the billing formula for fiscal year 2019/20 should be revisited.

A discussion of the billing formula ensued and the allocation of TSS formation to dischargers. Commissioner Evans encouraged staff to work with Brine Line customers to assist them in reducing TSS at the discharger location. Rich Haller noted staff would work directly with customers to ensure a better understanding of the billing formula and educate them on cost-reduction steps that could be taken. Commissioners Evans and Sullivan encouraged staff to seek grant opportunities.

No action was taken on Agenda Item No. 5.B., maintaining the current billing formula.

### C. ASSESSING HOMELESSNESS IMPACT ON WATER QUALITY, RIPARIAN AND AQUATIC HABITAT IN UPPER SANTA ANA RIVER WATERSHED | (CM#2018.110)

Mark Norton provided the PowerPoint presentation contained in the agenda packet (pages 45-48). Phase one would commence January 2019, which will involve development of the monitoring program and not the actual sampling or analysis. Estimated cost for the first phase is \$40,000 - \$50,000. Estimated length of the first phase and actual sampling/analysis is one year. Staff will seek Commission approval of a qualified firm for award of contract at the January 15, 2019 meeting. Staff will also suggest possible funding avenues at that time, since these consultant costs are not budgeted.

Commissioner Sullivan expressed his understanding that this would be funded by the Disadvantaged Communities Involvement (DACI) program grant. Norton stated the DACI program already has a scope of work approved by the Department of Water Resources (DWR) grant agreement. There was some flexibility within the various tasks to address under represented communities, and several symposiums were conducted on this issue, but this study is not in the scope. Staff would need to



determine from DWR whether this is an allowable expense; ordinarily a monitoring study would not be a cost the grant would fund. Staff will certainly pursue this as a potential funding possibility. Norton advised we will be looking at multiple sites throughout the watershed and not relying on data collected in one location. This is a very broad study, and while each location is unique, we want to build on baseline of other Task Force efforts and areas with escalating pathogen counts. Chair Bulot noted several partnership opportunities in the region could be pursued should no grant funds become available. Norton stated members of each multi-agency Task Force would be potential partners; Chair Bulot encouraged staff to seek cost-sharing within those partnerships. Commissioner Sullivan encouraged staff to consider expenses before making future commitments.

**MOVED**, direct staff to release a Request for Proposals (RFP) to receive proposals from qualified firms for assessing the water quality, riparian and aquatic habitat impacts of homelessness in the upper Santa Ana River Watershed, and to provide the Commission a selected qualified firm for consideration of contract award on January 15, 2019.

Result:	<b>Adopted (Unanimously)</b>
Motion/Second:	Evans/Sullivan
Ayes:	Bulot, Evans, Parker, Sullivan, Whitaker
Nays:	None
Abstentions:	None
Absent:	None

**D. SANTA ANA SUCKER HABITAT PROTECTION AND BENEFICIAL USE ENHANCEMENT PROJECT – CONSTRUCTION COMPLETION (CM#2018.113)**

Ian Achimore provided the PowerPoint presentation contained in the agenda packet (pages 51-56) with an overview of the eight-day construction project and next 6 steps to maintain the constructed habitat. Achimore noted this was a team effort and thanked project partners Orange County Water District and San Bernardino Valley Municipal Water District. The habitat was constructed by SAWPA Operations staff, which resulted in a cost reduction of approximately \$40,000 below the engineer's estimate. Commissioner Whitaker congratulated staff for successful completion of the project while preserving budgeted funds.

This item was for informational and discussion purposes; no action was taken on Agenda Item No. 5.D.

**E. FISCAL YEAR 2019-2020 AND FISCAL YEAR 2020-2021 BUDGET SCHEDULE (CM#2018.114)**

Karen Williams reviewed budget schedule on page 58 of agenda packet and noted budgets for PA 22 and PA 23 with first go before those committees prior to the Commission for consideration.

This item was for informational and discussion purposes; no action was taken on Agenda Item No. 5.E.

**6. INFORMATIONAL REPORTS**

The following oral/written reports/updates were received and filed.

- A. OWOW QUARTERLY STATUS REPORT: JULY 1, 2018 – SEPTEMBER 30, 2018**
- B. ROUNDTABLES QUARTERLY STATUS REPORT: JULY 1, 2018 – SEPTEMBER 30, 2018**
- C. UPDATE ON PA 22 COMMITTEE ACTIVITIES (CM#2018.111)**
- D. CHAIR'S COMMENTS/REPORT**  
There were no further Chair comments or reports.

**E. COMMISSIONERS' COMMENTS**

Commissioner Evans asked for a status update on the Project Agreement 24 process. Rich Haller advised staff is working on a revised draft agreement that addresses the operating decision issue; the General Managers will meet to discuss further at their monthly meeting on November 13.

Commissioner Sullivan requested a future report about water in the river and its source – what percentage is natural flow, what percentage is reclaimed water, etc. Craig Miller noted it would be beneficial to invite the Santa Ana River Watermaster to provide a presentation on the previous year's results.

**F. COMMISSIONERS' REQUEST FOR FUTURE AGENDA ITEMS**

There were no further requests for future agenda items.

**7. CLOSED SESSION**

There were no Closed Session items.

**8. ADJOURNMENT**

There being no further business for review, Chair Bulot adjourned the meeting at 10:43 a.m.

**Approved at a Regular Meeting of the Santa Ana Watershed Project Authority Commission on Tuesday, November 20, 2018.**

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Mark Bulot, Chair

Attest:

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Kelly Berry, CMC  
Clerk of the Board

*Santa Ana Watershed  
Project Authority*



**Finance Department**

Santa Ana Watershed Project Authority  
**TREASURER'S REPORT**

**October 2018**

During the month of October 2018, the Agency's actively managed temporary idle cash earned a return of 1.786%, representing interest earnings of \$21,287. Additionally, the Agency's position in overnight funds L.A.I.F. generated \$67,422 in interest, resulting in \$88,710 of interest income from all sources. Please note that this data represents monthly earnings only, and does not indicate actual interest received. There were two (2) investment positions purchased, zero (0) positions sold, two (2) positions matured, and zero (0) positions were called.

This Treasurer's Report is in compliance with SAWPA's Statement of Investment Policy. Based upon the liquidity of the Agency's investments, this report demonstrates the ability to meet customary expenditures during the next six months.

November 13, 2018

Prepared and  
Submitted by:

A handwritten signature in black ink, appearing to read 'Karen L. Williams', written over a horizontal line.

*Karen L. Williams, Chief Financial Officer*

*Santa Ana Watershed Project Authority*

**INVESTMENT PORTFOLIO - MARKED TO MARKET - UNREALIZED GAINS & LOSSES**

*October 31, 2018*

SAWPA primarily maintains a "Buy and Hold" investment philosophy, with all investments held by the Citizens Business Bank via a third-party safekeeping contract.

<u>Investment Type</u>	<u>Security Type</u>	<u>CUSIP</u>	<u>Dealer</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Call Date (if appl)</u>	<u>Par Value</u>	<u>Yield To Maturity</u>	<u>Investment Cost</u>	<u>Market Value Current Month</u>	<u>Unrealized Gain / (Loss)</u>	<u>Coupon Rate</u>	<u>Interest Earned</u>
Agency	FHLMC	3137EACA5	WMS	03-27-14	03-27-19	No Call	\$ 500,000.00	1.790%	\$ 546,650.00	\$ 502,564.50	\$ (44,086)	3.750%	\$ 760.14
Agency	FHLMC	3137EAEC9	WMS	09-16-16	08-12-21	No Call	\$ 1,000,000.00	1.335%	\$ 990,060.00	\$ 952,531.00	\$ (37,529)	1.125%	\$ 1,133.79
Agency	FHLMC	3137EADB2	WMS	04-17-17	01-13-22	No Call	\$ 500,000.00	2.375%	\$ 512,767.00	\$ 491,053.50	\$ (21,714)	2.375%	\$ 1,008.56
Agency	FHLB	313379EE5	WMS	05-26-15	06-14-19	No Call	\$ 500,000.00	1.420%	\$ 504,015.00	\$ 497,157.50	\$ (6,858)	1.625%	\$ 603.10
Agency	FHLB	313383HU8	WMS	06-16-16	06-12-20	No Call	\$ 1,000,000.00	1.080%	\$ 1,026,088.00	\$ 982,669.00	\$ (43,419)	1.750%	\$ 917.27
Agency	FHLB	313379Q69	WMS	12-14-17	06-10-22	No Call	\$ 1,000,000.00	2.150%	\$ 998,930.00	\$ 971,087.00	\$ (27,843)	2.125%	\$ 1,826.12
Agency	FNMA	3135GOZA4	WMS	03-27-14	02-19-19	No Call	\$ 500,000.00	1.800%	\$ 501,975.00	\$ 499,248.00	\$ (2,727)	1.875%	\$ 764.38
Agency	FNMA	3135G0H55	WMS	12-28-15	12-28-20	No Call	\$ 1,000,000.00	1.830%	\$ 1,002,140.00	\$ 979,193.00	\$ (22,947)	1.875%	\$ 1,554.26
Agency	FNMA	3135G0F73	WMS	06-16-16	11-30-20	No Call	\$ 1,000,000.00	1.150%	\$ 1,015,157.00	\$ 972,390.00	\$ (42,767)	1.500%	\$ 976.72
Agency	USTN	912828A34	WMS	11-17-15	11-30-18	No Call	\$ 1,000,000.00	1.166%	\$ 1,002,500.00	\$ 999,263.00	\$ (3,237)	1.250%	\$ 990.21
Agency	USTN	912828WC	WMS	11-17-15	10-31-20	No Call	\$ 1,000,000.00	1.638%	\$ 1,005,312.50	\$ 978,125.00	\$ (27,188)	1.750%	\$ 1,391.04
Agency	USTN	912828G61	WMS	11-17-15	11-30-19	No Call	\$ 1,000,000.00	1.469%	\$ 1,001,210.94	\$ 987,031.00	\$ (14,180)	1.500%	\$ 1,247.59
Agency	USTN	912828L32	WMS	06-17-16	08-31-20	No Call	\$ 500,000.00	1.030%	\$ 507,070.31	\$ 486,679.50	\$ (20,391)	1.375%	\$ 437.53
Agency	USTN	912828L65	WMS	06-16-16	09-30-20	No Call	\$ 500,000.00	1.041%	\$ 506,992.19	\$ 486,152.50	\$ (20,840)	1.375%	\$ 441.95
Agency	USTN	912828L99	WMS	06-16-16	10-31-20	No Call	\$ 500,000.00	1.051%	\$ 506,914.06	\$ 485,410.00	\$ (21,504)	1.375%	\$ 446.10
Agency	USTN	912828S76	WMS	12-14-17	07-31-21	No Call	\$ 1,000,000.00	2.013%	\$ 969,062.50	\$ 952,578.00	\$ (16,485)	1.125%	\$ 1,709.51
CORP	Apple Inc	037833AK6	WMS	10-15-18	05-03-23	No Call	\$ 500,000.00	3.360%	\$ 479,898.50	\$ 477,780.00	\$ (2,119)	2.400%	\$ 1,426.86
CORP	Toyota Motor Corp Credit	89236TFNO	WMS	10-15-18	09-20-23	No Call	\$ 500,000.00	3.550%	\$ 497,747.50	\$ 496,268.50	\$ (1,479)	3.450%	\$ 1,507.53
CD	Ally Bank	02006L2F9	WMS	01-13-15	04-20-20	No Call	\$ 248,000.00	1.800%	\$ 248,000.00	\$ 248,000.00	\$ -	1.800%	\$ 379.13
CD	American Express	02587DP85	WMS	04-19-17	04-19-21	No Call	\$ 248,000.00	2.250%	\$ 248,000.00	\$ 248,000.00	\$ -	2.250%	\$ 473.92
CD	American Express BK FSB	AN4199708	WMS	05-10-17	05-10-21	No Call	\$ 248,000.00	2.200%	\$ 248,000.00	\$ 248,000.00	\$ -	2.200%	\$ 463.39
CD	Wells Fargo Bank NA	9497482W6	WMS	12-02-15	12-03-18	No Call	\$ 245,000.00	1.450%	\$ 245,000.00	\$ 244,833.00	\$ (167)	1.450%	\$ 301.72
CD	Goldman Sachs Bank USA	38148PUV7	WMS	12-20-17	12-20-22	No Call	\$ 248,000.00	2.500%	\$ 248,000.00	\$ 248,000.00	\$ -	2.500%	\$ 526.58
<b>Total Actively Invested Funds</b>							<b>\$ 14,737,000.00</b>		<b>\$ 14,811,490.50</b>	<b>\$ 14,434,014.00</b>	<b>\$ (377,477)</b>	<b>1.786%</b>	<b>\$ 21,287.41</b>
<b>Total Local Agency Investment Fund</b>									\$ 37,026,269.03			2.144%	\$ 67,422.30
<b>Total Invested Cash</b>							<b>\$ 14,737,000.00</b>		<b>\$ 51,837,759.53</b>			<b>2.042%</b>	<b>\$ 88,709.71</b>

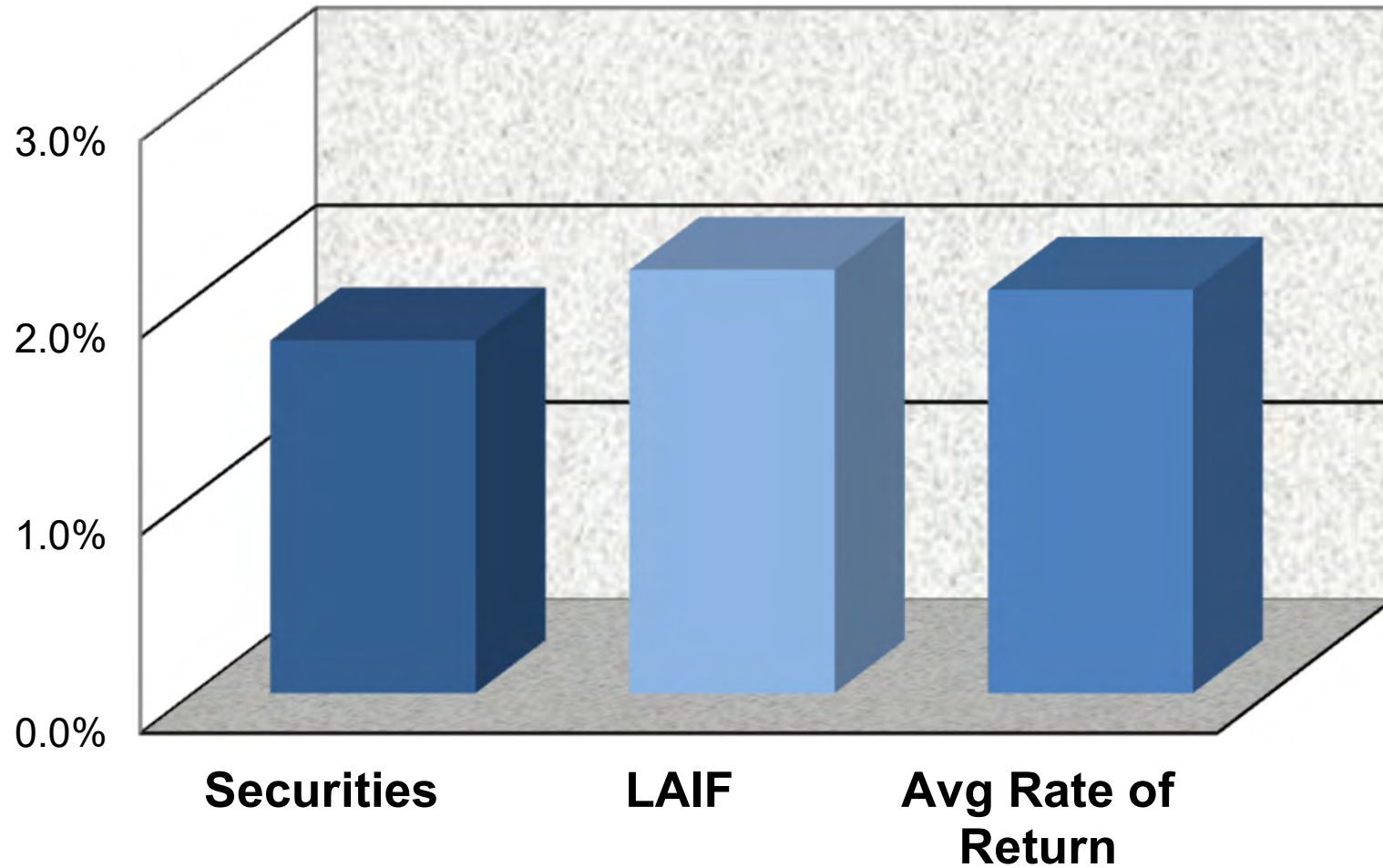
**Key to Security Type:**

FHLB	= Federal Home Loan Bank
FHLMC	= Federal Home Loan Mortgage Corporation
FNMA	= Federal National Mortgage Association
USTN	= US Treasury Note
CORP	= Corporate Note
CD	= Certificate of Deposit
GDB	= Goldman Sachs Bank
AEC	= American Express Centurion

**Key to Dealers:**

FCS	= FinaCorp Securities
MBS	= Multi-Bank Securities
MS	= Mutual Securities
RCB	= RBC Dain Rauscher
SA	= Securities America
TVI	= Time Value Investments
WMS	= Wedbush Morgan Securities

# Interest Rate Analysis



# Investments

\$51,837,760

LAIF,  
\$37,026,269...



Securities,  
\$14,811,491...

**Interest**  
**\$88,710**

**LAIF,**  
**\$67,422,**  
**76%**



**Securities,**  
**\$21,287,**  
**24%**

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## COMMISSION MEMORANDUM NO. 2018.117

**DATE:** November 20, 2018  
**TO:** SAWPA Commission  
**SUBJECT:** Fiscal Year 2017-18 Report on Audit  
**PREPARED BY:** Karen Williams, Chief Financial Officer

### RECOMMENDATION

It is recommended that the Commission review the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2018, which includes the Report on Audit prepared by Teaman, Ramirez & Smith, Inc.:

1. Accept the CAFR, including the Report on Audit as prepared by Teaman, Ramirez & Smith, Inc.;
2. Direct staff to file the Report with the respective government agencies as required by law; and,
3. Direct staff to submit the CAFR, with any necessary changes, for the Certificate of Achievement for Excellence in Financial Reporting Award.

### DISCUSSION

As required by the State of California Government Code, all government agencies and/or special districts must contract for an independent financial audit. In addition, because SAWPA has received State Water Board grant funding, the independent audit must include additional work and reporting by the auditors, and testing of SAWPA's internal control procedures for receipt of grant funding to ensure compliance with respective State and Federal laws and regulations.

SAWPA has received the Government Finance Officers Associations (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the past eight years. Staff will submit this CAFR for the award as well. The CAFR was prepared following the guidelines recommended by the Governmental Accounting Standards Board (GASB) and generally accepted accounting principles (GAAP). It includes three sections:

1. The Introductory Section, which provides an overview of the Agency, its background, organization, recent activities and accomplishments over the past fiscal year, local and economic conditions and forecasts, service efforts and accomplishments, and future plans.
2. The Financial Section, which includes the independent auditor's report, management's discussion and analysis, and all basic financial statements and notes to the basic financial statements.
3. The Statistical Section, which includes a number of unaudited tables and schedules that present historical trends for the past ten years, as well as demographic and other information about the Agency that is deemed relevant.

SAWPA is pleased to report that the financial statements presented herein, contain no qualifications or reportable conditions. This indicates that SAWPA's financial reporting meets generally accepted GAAP, it is compliant with applicable State and Federal laws and regulations, and internal controls are sufficient to safeguard against material errors or fraud.

Joshua Calhoun (Audit Partner) will be available to answer questions regarding SAWPA's FY 2017-18 Report on Audit (financial statements).

**RESOURCE IMPACTS**

The FY 2017-18 Audit contains no financial deficiencies to report.

Attachments:

1. FYE 2018 CAFR
2. Management Report
3. Internal Controls Letter



# Santa Ana Watershed Project Authority

Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2018

11615 Sterling Avenue ▪ Riverside ▪ California ▪ 92503  
[www.sawpa.org](http://www.sawpa.org) ▪ (951) 354-4220

**Santa Ana Watershed Project Authority**  
**Riverside, CA**

**Comprehensive Annual Financial Report**

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**For the Fiscal Year Ended**  
**June 30, 2018**

Prepared by the  
Finance Department

11615 Sterling Avenue, Riverside California 92503

951.354.4220 [www.sawpa.org](http://www.sawpa.org)

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# Introductory Section







# Santa Ana Watershed Project Authority

OVER 45 YEARS OF INNOVATION, VISION, AND WATERSHED LEADERSHIP



One Water One Watershed

AWRA INTEGRATED WATER RESOURCES MANAGEMENT AWARD

HARVARD KENNEDY SCHOOL'S TOP 25 INNOVATIONS IN AMERICAN GOVERNMENT

November 20, 2018

Mark Bulot  
Commission Chair

To the Chair of the Board of Commissioners, Members of the Commission, and Member Agencies of the Santa Ana Watershed Project Authority (SAWPA):

Richard E. Haller, P.E.  
General Manager

We are pleased to present the Santa Ana Watershed Project Authority's (hereinafter referred to as "the Authority") Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018.

Eastern Municipal  
Water District

The report was prepared by the Authority's Finance Department following the guidelines recommended by the Governmental Accounting Standards Board (GASB) and generally accepted accounting principles (GAAP). Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation, including disclosures, rests with the Authority's management. We believe the data, as presented, is accurate in all material respects, and that it is presented in a manner that provides a fair representation of the financial position and results of operation of the Authority. Included are all disclosures we believe necessary to enhance your understanding of the financial condition of the Authority.

Inland Empire  
Utilities Agency

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The letter transmittal is designed to complement the MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the Independent Auditors' Report.

Orange County  
Water District

The Authority's financial statements have been audited by Teaman, Ramirez & Smith, Inc., a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Authority's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this report.

San Bernardino  
Valley Municipal  
Water District

Western Municipal  
Water District



## Reporting Entity and Its Services

### Governmental Structure

The Authority was first formed in 1968 as a planning agency, and reformed in 1972, with a mission to plan and build facilities to protect the water quality of the Santa Ana River Watershed (hereinafter referred to as “the Watershed”). The Authority is a Joint Powers Authority (JPA), comprised of the five largest water agencies in the Watershed: Eastern Municipal Water District (EMWD), Inland Empire Utilities Agency (IEUA), Orange County Water District (OCWD), San Bernardino Valley Municipal Water District (SBVMWD), and Western Municipal Water District (WMWD).

### Service Area

The Watershed spans approximately 2,840 square miles, and covers San Bernardino, Riverside, and most of Orange Counties, as well as a small portion of Los Angeles County. It is home to over 6 million people. The Watershed, and the State as a whole, is facing many challenges in guaranteeing sufficient, high-quality water for the ever-growing population of the region. The Authority works with planners, scientists, water experts, design and construction engineers, and other government agencies to identify issues and develop innovative solutions to resolve many water-related problems.

### Vision

The Authority’s vision is a sustainable Santa Ana River Watershed that provides clean and reliable water resources for a vibrant economy and high quality of life for all, while maintaining healthy ecosystems and open space opportunities.

A successful Authority provides value to its member agencies and to the Watershed as a whole by facilitating collaboration across boundaries to address common goals and tackle problems that are larger than any individual entity.

### Mission

The Authority strives to make the Santa Ana River Watershed sustainable through fact-based planning and informed decision-making; regional and multi-jurisdictional coordination; and the innovative development of policies, programs, and projects. Our mission is accomplished through a number of specific functions:

- Maintaining peace in the Watershed;
- Facilitating conflict resolution through collaborative processes;
- Preparing an integrated watershed-wide water management plan that provides a unified vision for the Watershed;
- Operating the Inland Empire Brine Line to convey salt out of the Watershed and support economic development;
- Developing water-related initiatives, particularly those that require the participation of several entities;
- Identifying, pursuing, securing, and administering supplemental funds for the Watershed; and
- Influencing legislation for the benefit of the Watershed.

## Our Values

Our strategy and day-to-day operations are guided by values strongly held by our member agencies, management, and staff:

**Leadership** in the development and advancement of a vision and plan for a sustainable Watershed, and in the incorporation of new paradigms for water and watershed planning.

**Collaboration and cooperation** among member agencies and other stakeholders in the Watershed toward the formulation and implementation of solutions to watershed-wide, multi-jurisdictional problems.

**Creativity** in the pursuit of new approaches to watershed planning, the use of new technologies, and the enhancement of a new water ethic in the Watershed.

**Fact-based decision-making** to identify neutral and transparent solutions that maximize the benefit to the entire Watershed.

**Respect** for all voices and perspectives in the Watershed to develop sound solutions and maximize consensus building.

**Transparency, integrity and professionalism** to maintain the respect and trust of our partners, and to attract and retain talented and committed individuals to our organization.

The Authority uses a three-pronged approach to accomplish our mission with the services it offers, which are listed below.

## Inland Empire Brine Line

The Authority's enterprise includes ownership and operation of the Inland Empire Brine Line (Brine Line). The 73-mile long regional brine line is designed to convey 30 million gallons per day of non-reclaimable wastewater from the upper Santa Ana River Basin to the Pacific Ocean for disposal, after treatment. The Brine Line is currently used for: 1) the disposal of high Total Dissolved Solids (TDS) brine from brackish groundwater desalter operations and power plants within the region; 2) the disposal of industrial wastewater that is unacceptable for discharge into local wastewater treatment facilities, usually because of high concentrations of TDS from commercial and industrial facilities; and 3) the disposal of domestic or industrial wastewater that is managed by public agencies and which meets standards of local treatment facilities. Some users of the Brine Line have temporary or emergency needs and connect to the system for a fixed term.

This 45-year old utility was built as the fundamental method of salt export for the region. Historic import of water for agricultural purposes has increased the salinity of many groundwater basins within the Watershed. Removing salt by means of the Brine Line allows the Watershed to work towards achieving salt balance – a key Watershed goal and indicator of sustainability. Salt is removed from brackish groundwater by reverse osmosis desalters, which discharge the concentrated brine into the Brine Line. The treated water from the desalters is delivered for consumption as potable water. Brine disposal will be essential to support water recycling efforts and economic growth within the Watershed.

### Integrated Regional Watershed Planning

SAWPA has been involved in watershed and integrated water resource planning since its formation. The latest plan adopted in February 2014 is the Santa Ana Watershed Integrated Regional Water Management Plan (IRWMP) called the One Water One Watershed (OWOW) 2.0 Plan. The plan is being updated and is expected to be completed in late 2018. Using a decentralized stakeholder involvement process as well as involving experts from all fields and areas within the Watershed, an extraordinarily collaborative and visionary plan is used to address water challenges over the next two decades. The plan addresses climate change; water supply reliability; water and land use; water quality improvement; flood control and stormwater runoff; water use efficiency; water recycling; parks, recreation and open space; environmental justice; and environment and habitat. Through this integration of water resource management strategies along with workgroups (or pillars) designated for each strategy, scarce resources will be leveraged and cost effective solutions will be developed to address a multiplicity of water challenges using an integrated multi-beneficial approach.

### Roundtables

The Authority has taken the lead role in establishing effective regional partnerships with the Regional Water Quality Control Board and other stakeholders in the Watershed to solve water quality problems, as well as water and natural resource problems. The Authority serves as the administrator/facilitator and creates a neutral venue for a number of efforts bringing together many agencies and organizations to address and solve a multiplicity of problems through integration and innovation.

## **Economic Conditions and Outlook**

### Local Economy

The Inland Empire and Orange County were among the nation's hardest hit local economies during the Great Recession, beset by staggering numbers of foreclosures and one of the highest jobless rates in California. Today, the Inland Empire is the fastest growing region in Southern California and it is predicted that this trend will continue. Steady increases in job numbers and positive development in the sectors of healthcare and logistics have helped the region recover. Income levels have risen for the sixth consecutive year, unemployment rates continue to decrease, and the housing market continues to improve while remaining affordable. Economic forecasters expect the economy to continue to improve and remain strong in the coming years due to the availability of land, the ideal location for commerce, a relatively strong manufacturing base, and affordable housing.

### Sound Financial Policies

The Authority continues to manage funds to ensure financial stability and demonstrate responsible stewardship by sustaining reasonable rates for customers, containing costs through careful planning, preserving investments, safeguarding reserves, and active debt management.

### Financial Planning

The Commission approves a biennial operating budget as a management tool. The budget is developed with input from the various departments within the organization and adopted prior to the start of each fiscal year. Monthly comparison reports of budget to actual are prepared, and quarterly budget to actual results by fund type are provided to and discussed with the Commission, along with financial position and other key performance information.

### Reserves Policy

The Authority adopted a reserve policy, which states the purpose, source, and funding limits for each of its designated reserves. The reserves are essential for maintaining liquidity in the marketplace, which enables the Authority to access the lowest cost-of-capital borrowing opportunities.

### Investment Policy

The Authority invests its funds in instruments permitted by California Government Code sections 53601 et seq., and in accordance with its investment policy. The investment objectives of the Authority are to first preserve capital, followed by maintaining liquidity, and finally, maximizing the rate of return without compromising the first two objectives.

### Debt Administration

The Authority actively manages its debt portfolio, seeking to minimize its total debt costs. This goal is met by the use of state revolving fund (SRF) loans to fund part of its capital projects. Reserves will also be used to fund capital projects.

## **Major Initiatives and Accomplishments**

Fiscal year 2017-18 was another busy year for the Authority. It not only administers the day-to-day operations of the JPA, it operates the Brine Line Enterprise and Capital Improvement Program, administers the OWOW Program, administers several grant programs, serves as the Lake Elsinore & San Jacinto Watersheds Authority administrator, conducts regional planning activities, and facilitates seven stakeholder task force work groups. Some of the major initiatives and accomplishments for FYE 2018 are listed below.

### Brine Line Enterprise

- Completed construction of the Reach V Rehabilitation and Improvement Project, Reaches 2 and 3.
- Implemented the Reach 4D Work Plan to address pipeline corrosion on portions of Reach 4D. Completed condition assessment and technical memorandum on findings from field investigation as well as rehabilitation recommendations.
- Continued to implement the SAWPA Pretreatment Program (PTP). Performed 88 on-site Discharger inspections, 130 monitoring (or sampling) events, and reissued 19 existing permits. Additionally, 75 permits were amended to incorporate the new SAWPA local limits, 7 permits were closed, and 2 new permits were issued.
- Conducted a public hearing and adopted Ordinance No. 8 and Resolution 2017-11 establishing local limits.

- Represented SAWPA’s interest in completion of the plans and specifications for the Orange County Sanitation District (OCSD) Santa Ana Regional Interceptor (SARI) Rock Removal Project in Orange County.
- Utilized a data and records management system (OnBase) for expedient notification of Brine Line Liquid Waste Hauler rejected loads.
- Continued to implement the Sewer System Management Plan (SSMP) as required by the SWRCB’s statewide permit for Collection Systems in excess of one mile in length.
- Cleaned the Reach IV-B Upper pipeline eliminating hydraulic choke points caused by scale build up.
- Continued periodic siphon cleaning program for 13 system inverted siphons.
- Relocated approximately 90-feet of pipe to avoid a conflict with a Southern California Edison high voltage conduit.
- Continued to locate facilities, particularly on Reach V, by potholing and updating as-built information.
- Conducted recurring maintenance of air release valves to reduce incidence of “dripping” or small releases of brine from the valves.
- Continued implementation of the Brine Line marketing plan.
- Completed repair of selected Maintenance Access Structures (MAS).
- Responded to nearly 4,150 requests from contractors to mark the location of the Brine Line in the field resulting in 168 utility markings in the field. Required direct coordination with the contractor to review the proposed work and any potential concerns for the Brine Line.
- Monitored construction activities in close proximity to the Brine Line to ensure protection of the Brine Line.
- Processed 25 grant invoices totaling nearly \$6 million in grant funds and conducted 27 quality assurance site visits.

#### OWOW

- Implemented water use efficiency improvements using grant funding from the California Department of Water Resources (DWR) Proposition 84 Integrated Regional Water Resources Management (IRWM) Emergency Drought Round. Over \$12.8 million in grant funding along with \$10.6 million in local match has been provided for SAWPA, its member agencies, and stakeholders. Funding is being used to implement water use efficiency improvements such as support for budget based water rate structures for retail water agencies, water use efficiency web based outreach tools, aerial mapping and area measurement using GIS throughout the Santa Ana River and Upper Santa Margarita Watersheds. Work is anticipated to be complete under this grant program by the end of 2019.
- Continued support in working with project proponents to implement projects using the \$61 million made available to SAWPA and the Watershed from DWR’s Proposition 84 Integrated Regional Water Management (IRWM) 2015 Round funding. This funding along with local matching funds of \$173 million will be used to implement three integrated large scale projects reflecting a multi-agency and multi-benefit approach. One of the three projects called the Santa Ana River Conservation and Conjunctive Use Project is a conjunctive use water storage project that will store over 180,000 AF of water for use in dry periods and is being implemented by a SAWPA Committee composed of the SAWPA member agencies and a non-profit partner.

- Continued execution of deliverables under Proposition 1 IRWM funding designated for Disadvantaged Community Involvement (DACI). \$6.3 million has been specifically designated to the Santa Ana River Watershed to support the DACI focusing on needs assessment of disadvantaged communities in the Watershed. The work on this effort commenced in FY 2016-17.
- Completed second year of the 2018 Update process to the Santa Ana River Watershed Integrated Regional Water Management Plan known as the OWOW Plan 2018 Update. Implemented tasks under an agreement with DWR using Proposition 1 IRWM funding of \$250,000 awarded to SAWPA to update the OWOW Plan Update 2018 as necessary to meet new IRWM plan standards. OWOW Plan Update 2018 report is anticipated to be completed in late 2018 with adoption by SAWPA in early 2019.

#### Stakeholder Partnering (Roundtable Efforts)

- Commenced the second year of pathogen monitoring under the new Regional Water Quality Monitoring Program Task Force. This task force is composed of SAWPA, the Regional Board, and the three flood control districts in Orange, San Bernardino, and Riverside Counties. This task force is implementing the necessary pathogen monitoring as required under the Stormwater Quality Standards Task Force. The monitoring program reflects the merger of the ongoing pathogen monitoring conducted by the Middle Santa Ana River (MSAR) Total Maximum Daily Load (TMDL) Task Force.
- Worked with the Regional Board in updating and revising TMDLs on the Lake Elsinore and Canyon Lake nutrient TMDL. A draft TMDL Update report is anticipated by the end of 2018.
- Continued progress on the update to the Santa Ana River Wasteload Allocation model using consultant, Geoscience Support Services under the Basin Monitoring Program Task Force. Final report for the Regional Board is anticipated in December 2018. Submitted the 2017 Annual Report of Santa Ana River Water Quality to stakeholders and Regional Board staff. Commenced development of drought policy modifications to recycled water permits based on TDS trends analysis from Southern California Salinity Coalition work.
- Completed a salinity management study with Southern California Salinity Coalition to examine the impacts of the recent drought and water conservation on TDS trends of recycled water effluent and permit compliance. Future policy development working with the Regional Board and the Basin Monitoring Program Task Force using the technical results of this study is anticipated in future years.
- Completed annual habitat survey for the threatened fish species, Santa Ana sucker fish. The Riverwalk is the longest running and largest voluntary annual habitat assessment conducted in Southern California for an aquatic species.
- Supported the Lake Elsinore & San Jacinto Watersheds Authority and the associated TMDL Task Force in implementing two more successful alum applications to Canyon Lake to reduce the phosphorus content, reduce algae, and help meet the TMDL targets for the lake. Water quality results over the past five years of alum application show significant improvements in water clarity, decreased algae and increased oxygen levels.
- Continued installation of indoor water and energy saving devices in the three counties under the Water Energy Community Action Network (WECAN). This work includes replacement of turf with water efficient landscapes in the Watershed. Funding for the project is provided by the state-funded water-energy grant and additional work has

been funded by West Valley Water District's federal grant received from the Bureau of Reclamation. Work is expected to be completed in December 2018.

- Supported the Forest First MOU by working with the San Bernardino National Forest in a CAL FIRE grant application to receive funds to pay for planning and National Environmental Policy Act (NEPA) review to implement future forest management projects on the San Bernardino Mountains in the Watershed. Staff also coordinated with the San Bernardino and Cleveland National Forests on the newly executed Executive Order B-52-18 which provides "regulatory relief" for certain public agencies who undertake hazardous fuels reduction projects to mitigate potential fire damage.
- For Arundo Removal and Habitat Management, staff prepared a new task order to be issued to the Santa Ana Watershed Association (SAWA) for an Arundo survey and property access. The removal will cover approximately 300 acres in the upper watershed.
- Continued support to Imported Water Recharge Workgroup with an evaluation of the SAWPA administration expenses versus reserve funding and proposed streamlining reporting and modeling requirements with the Cooperative Agreement signatories and the Regional Board. Consolidation with the Basin Monitoring Program Task Force is being explored.

### Technology

- Tracked work and travel time for Dig Alert and inspections including charts and maps for tracking.
- Auto-generate service requests for inspections in Dig Alert.
- Created an application to download daily ET from CIMIS for 2,200 locations in the Watershed and store in SQL database.
- Hired IT service provider after lengthy and detailed RFP process.
- Created Onbase workflow documents including AP Invoice, Leave Request, Expense Reporting, and Aging Reports.
- Coordinated and updated SAWPA website.
- Upgraded Microsoft Office and Outlook to Office 365 for all SAWPA staff.
- Designed and purchased first stage new Server/SANS hardware upgrade.
- Helped create customer outdoor water budget tool with ESRI.
- Created Amazon Cloud Imagery Data Service with ESRI.

## **Accounting System**

The Finance Department is responsible for providing financial services for the Authority, including financial accounting and reporting, payroll, accounts payable and receivable, custody and investment of funds, billing and collection of wastewater charges, and other revenues. The Authority accounts for its activities as an enterprise fund and prepares its financial statements on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recorded when incurred. It is the intent of the Board of Commissioners to manage the Authority's operations as a business, thus matching revenues against the cost of providing services.



## Internal Controls

The Authority operates within a system of internal accounting controls established and continually reviewed by management to provide reasonable assurance that assets are adequately safeguarded and transactions are recorded in accordance with Authority policies and procedures. When establishing and reviewing controls, management must consider the cost of the control and the value of the benefit derived from its utilization. Management normally maintains or implements only those controls for which its value adequately exceeds its cost. Recent audits have not noted any weaknesses in internal controls.

## Audit and Financial Reporting

State Law requires the Agency to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of Teaman, Ramirez & Smith, Inc. has conducted the audit of the Authority's financial statements. Their unmodified (clean) Independent Auditors' Report appears in the Financial Section.

## Awards

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the eighth year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of only one year.

We believe that our current comprehensive annual financial report continues to meet the programs requirements and will submit our current June 30, 2018, report to the GFOA to determine its eligibility for a certificate.

The GFOA presented a Distinguished Budget Presentation Award to the Authority for the two-year Budget beginning July 1, 2017. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operating guide, as a financial plan, and as a communication device.

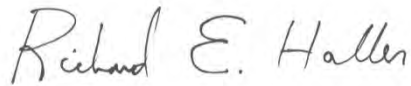
## Acknowledgements

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Authority's Finance Department. We also would like to express our appreciation to the other Authority Departments for their cooperation, assistance, and support.

We further acknowledge the thorough and professional manner in which our auditors, Teaman, Ramirez & Smith, Inc., conducted the audit.

Additionally, we would like to acknowledge the Board of Commissioners for their continued support of the Authority's goal of sound accountable financial management, and for maintaining the highest standards of professionalism in the management of the Authority's finances. We truly appreciate their unfailing interest and support.

Respectfully submitted,

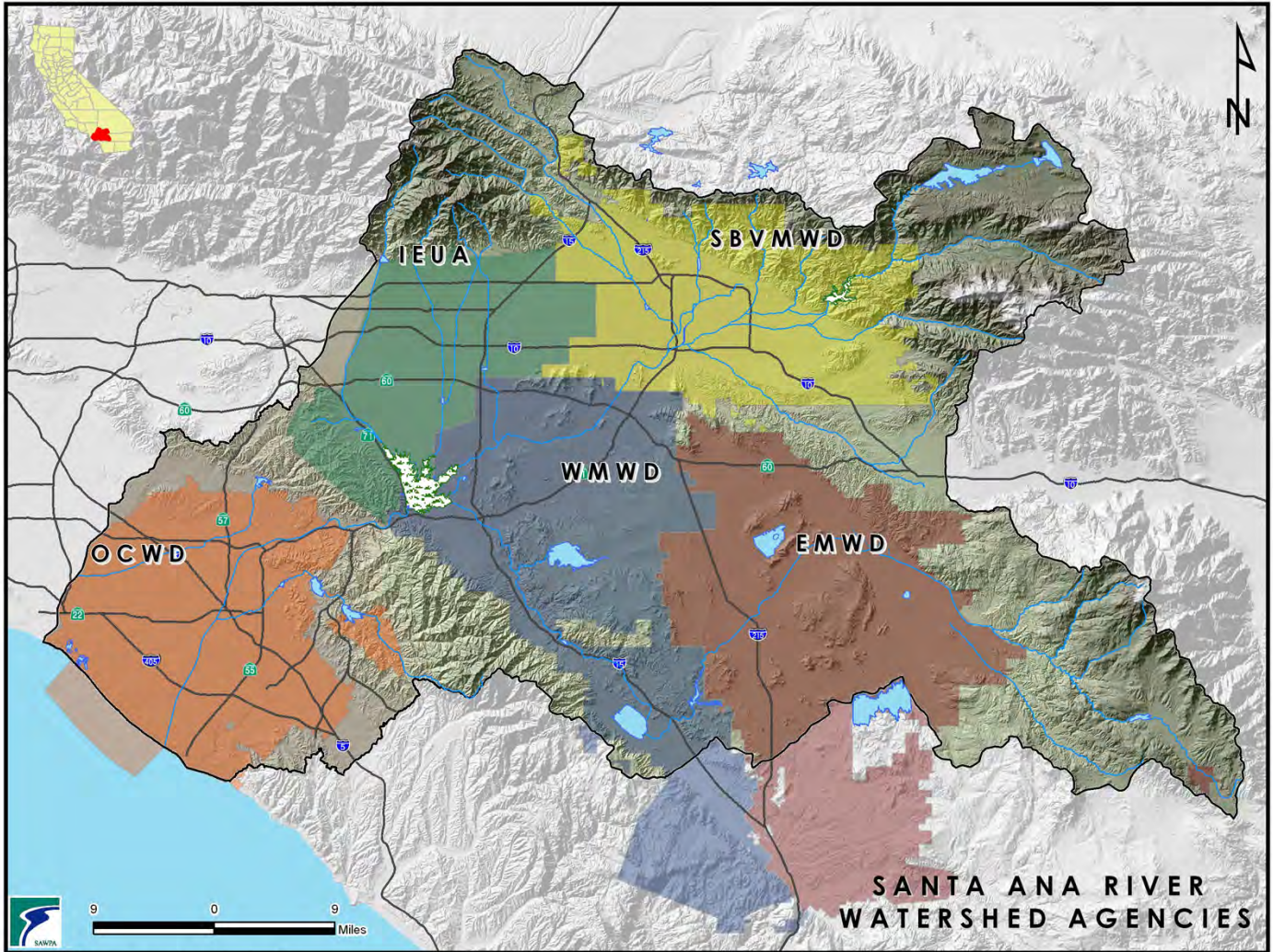
Handwritten signature of Richard E. Haller in cursive script.

Richard Haller  
General Manager

Handwritten signature of Karen Williams in cursive script.

Karen Williams  
Chief Financial Officer

# Santa Ana Watershed Project Authority Authority Service Area Map



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Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Santa Ana Watershed Project Authority  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morvill*

Executive Director/CEO

# Santa Ana Watershed Project Authority

## Authority Officials

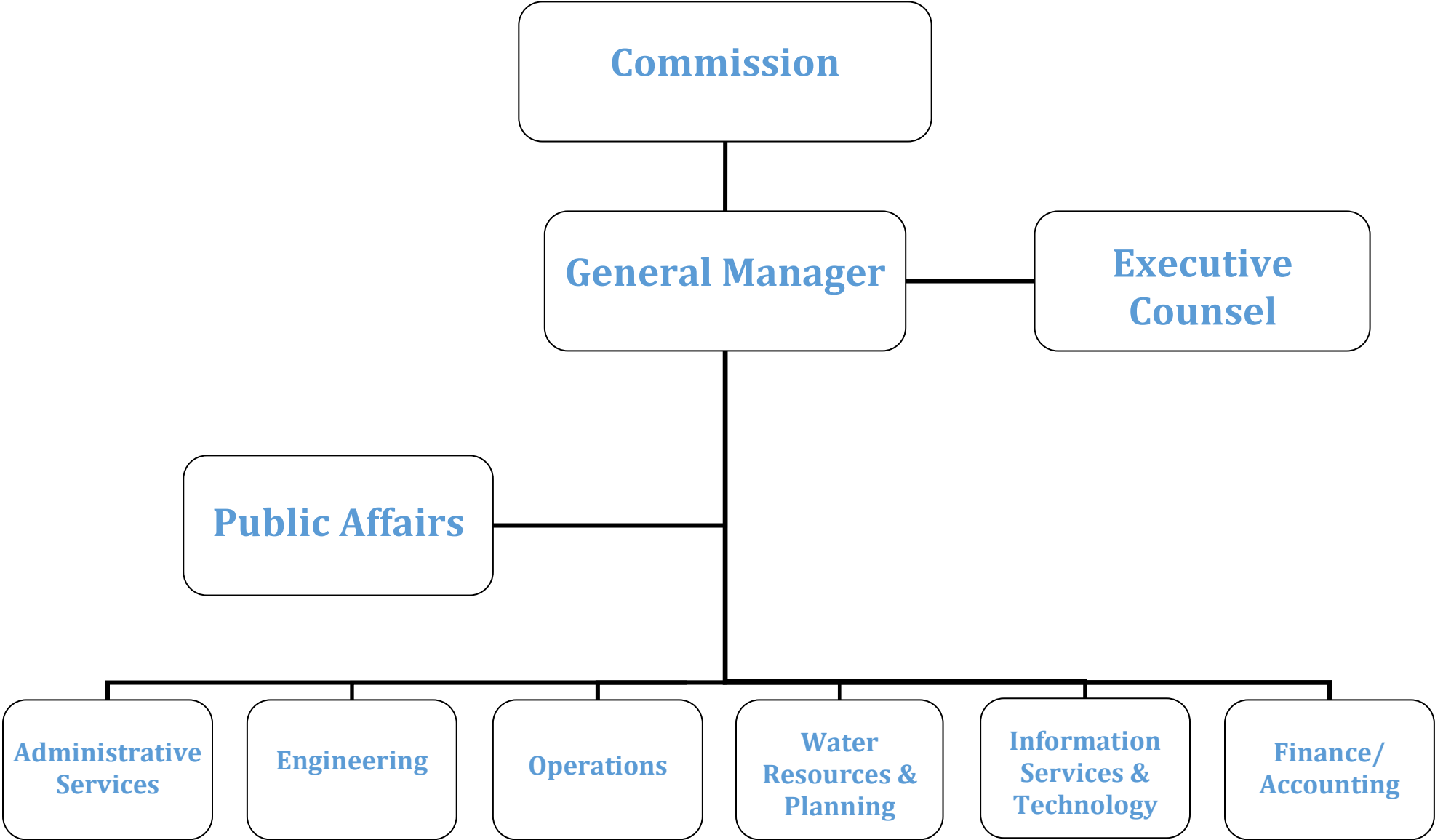
### Board of Commissioners

<b>Mark Bulot</b>	Chair	SBVMWD
<b>Ronald W. Sullivan</b>	Vice Chair	EMWD
<b>Jasmin A. Hall</b>	Secretary/Treasurer	IEUA
<b>Thomas P. Evans</b>	Commission Member	WMWD
<b>Bruce Whitaker</b>	Commission Member	OCWD

### Management Staff

<b>Richard Haller</b>	General Manager
<b>Kelly Berry</b>	Administrative Services Manager/Clerk of the Board
<b>Karen Williams</b>	Chief Financial Officer
<b>Dean Unger</b>	IS and Technology Manager
<b>David Ruhl</b>	Manager of Engineering
<b>Carlos Quintero</b>	Manager of Operations
<b>Mark Norton</b>	Water Resources and Planning Manager
<b>Larry McKenney</b>	Executive Counsel

**Santa Ana Watershed Project Authority**  
**Organizational Chart**





# Financial Section





## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Santa Ana Watershed Project Authority  
Riverside, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Santa Ana Watershed Project Authority (the "Authority"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the California State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Santa Ana Watershed Project Authority as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in Note 1 to the basic financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financing Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of contributions - defined benefit pension plans, the schedule of changes in the net OPEB liabilities and related ratios, and the schedule of contributions - OPEB, identified as Required Supplementary Information (RSI) in accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, combining schedules, and statistical section are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_ 2018, on our consideration of the Authority’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority’s internal control over financial reporting and compliance.

Riverside, California  
\_\_\_\_\_, 2018

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The intent of the Management Discussion and Analysis is to provide highlights of the financial activities for the fiscal year ended June 30, 2018, of the Santa Ana Watershed Project Authority (the "Authority"). Readers are encouraged to read this section in conjunction with the transmittal letter and the accompanying basic financial statements.

## The Authority

The Authority was formed in 1972 pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California relating to the joint exercise powers common to public agencies. The Authority was formed for the purpose of undertaking projects for water quality control and protection as well as pollution abatement in the Santa Ana River Watershed.

The Authority's five member agencies are Eastern Municipal Water District (EMWD), Inland Empire Utilities Agency (IEUA), Orange County Water District (OCWD), San Bernardino Valley Municipal Water District (SBVMWD), and Western Municipal Water District (WMWD).

## Overview of the Financial Statements

The Authority is a special purpose government (special district) engaged only in activities that support themselves through user charges and member contributions. Accordingly, the accompanying financial statements are presented in the format prescribed for proprietary funds by the Governmental Accounting Standards Board (GASB).

These financial statements consist of three interrelated statements designed to provide the reader with relevant, understandable data about the Authority's financial condition and operating results. They are the (1) Statement of Net Position; (2) Statement of Revenues, Expenses and Changes in Net Position; and (3) Statement of Cash Flows.

The Statement of Net Position presents information on all the Authority's assets, deferred inflow of resources, liabilities, and deferred outflow of resources, with the differences between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Authority's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

The Statement of Cash Flows conveys to financial statement users how the Authority managed cash resources during the year. This statement converts the change in net position presented on the Statement of Revenues, Expenses and Changes in Net Position into actual cash provided by and used for operations. The Statement of Cash Flows also details how the Authority obtains cash through financing and investing activities, and how cash is spent for these purposes.

## Summary Financial Information and Analysis

The Authority's financial operations remained sound during the fiscal year 2018. The Statement of Net Position remains strong, providing a foundation for continued growth within the Authority's service area. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$68.7 million at June 30, 2018, by \$70.4 million at June 30, 2017, and by \$67.2 million at June 30, 2016.

### Statement of Net Position

For the Fiscal Years Ended June 30, 2018, 2017, and 2016

Fiscal Year End June 30,					
	2018	2017	Increase/ (Decrease)	2016	Increase/ (Decrease)
<b>Assets</b>					
Current	\$60,081,766	\$61,182,398	\$(1,100,633)	\$61,665,449	\$(483,051)
Noncurrent	1,003,811	3,917,605	(2,913,794)	4,812,417	(894,812)
Capital	115,988,540	113,502,447	2,486,093	108,686,977	4,815,470
Total Assets	177,074,117	178,602,450	(1,528,334)	175,164,843	3,437,607
Deferred Outflows	1,621,887	1,017,473	604,414	358,101	659,372
<b>Liabilities</b>					
Current	5,009,098	8,415,128	(3,406,030)	6,594,605	1,820,523
Noncurrent	104,691,573	100,542,958	4,148,615	101,235,572	(692,614)
Total Liabilities	109,700,671	108,958,086	742,585	107,830,177	1,127,909
Deferred Inflows	318,374	273,599	44,775	525,022	(251,423)
<b>Net Position</b>					
Net Investment in Capital Assets	85,226,499	90,622,870	(5,396,371)	84,798,833	5,824,037
Restricted	2,960,560	3,921,155	(960,595)	3,923,403	(2,248)
Unrestricted (Deficit)	(19,510,100)	(24,155,787)	4,645,687	(21,554,491)	(2,601,296)
Total Net Position	\$68,676,959	\$70,388,238	\$1,711,279	\$67,167,745	\$3,220,493

The following denotes explanations on some of the changes between fiscal years 2018 and 2017, as compared in the table above.

- The \$1.1 million decrease in Current Assets is due to a decrease in cash used to fund the Reach V Capital Repair Project until SRF Loan funds are received and an increase in grants receivable for Proposition 84 grant projects.
- The \$2.9 million decrease in Noncurrent Assets is due primarily to a decrease in installment notes from scheduled notes receivable receipts, and total payments of \$3.4 million received for funds loaned to the Orange County Flood Control District (OCFCD) for the relocation of the SARI located in Orange County.
- The \$2.5 million increase in Capital Assets is due primarily to the Reach V Capital Repairs Project and an offset of depreciation and amortization to property, plant, and equipment.
- The \$3.4 million decrease in Current Liabilities is due primarily to a decrease in accounts payable from the release of retention on Round I and II Proposition 84 grant projects and the release of retention for construction related to the Reach V Capital Repair Project.
- The \$4.1 million increase in Noncurrent Liabilities is due primarily to the amortization of pipeline and wastewater treatment rights combined with the increase in long-term debt from the Reach V Capital Repair Project SRF Loan.

The following denotes explanations on some of the changes between fiscal years 2017 and 2016, as compared in the table above.

- The \$0.5 million decrease in Current Assets is due to a decrease in cash used to fund the Reach V Capital Repair Project until SRF Loan funds are received and an increase in grants receivable for Proposition 84 grant projects.
- The \$0.9 million decrease in Noncurrent Assets is due primarily to a decrease in installment notes from scheduled notes receivable receipts, and total payments of \$0.6 million received for funds loaned to OCFCD for the relocation of the SARI located in Orange County.
- The \$4.8 million increase in Capital Assets is due primarily to the Reach V Capital Repairs Project and an offset of depreciation and amortization to property, plant, and equipment.
- The \$1.8 million increase in Current Liabilities is due primarily to an increase in accounts payable from the Proposition 84 grant projects, the Water-Energy DAC grant, and the Proposition 1 DACI grant.

- The \$0.7 million decrease in Noncurrent Liabilities is due primarily to the amortization of pipeline and wastewater treatment rights combined with the decrease in long-term debt from scheduled debt service payments.

## Category of Net Position

The Authority is required to present its net position in three categories: (1) Net Investment in Capital Assets; (2) Restricted; and (3) Unrestricted.

### Net Investment in Capital Assets

At June 30, 2018, 2017, and 2016, Net Investment in Capital Assets consisted of the following:

### Net Investment in Capital Assets (In Millions)

	2018	2017	2016
Property, Plant & Equipment	\$159.2	\$131.3	\$131.2
Accumulated Depreciation	(70.0)	(66.6)	(63.4)
Wastewater Treatment & Disposal Rights	55.6	55.6	55.6
Accumulated Amortization	(28.1)	(26.7)	(25.3)
Construction in Process	0.2	19.9	10.6
Related Payables and Loans, Net of Discounts	(31.7)	(22.9)	(23.9)
<b>Total</b>	<b>\$85.2</b>	<b>\$90.6</b>	<b>\$84.8</b>

### Restricted

At June 30, 2018, Restricted Net Position of \$3.0 million is legally restricted by contract to fund additional Arundo Management and Habitat Restoration projects within the Santa Ana River Watershed and by the State Water Resources Control Board (SWRCB) for the SRF Loan reserve requirement.

### Unrestricted

At June 30, 2018, the Authority had an unrestricted net deficit of \$19.5 million. However, the Authority does possess \$70.2 million in unearned revenues being realized over a 50 year period of approximately \$2.5 million per year.

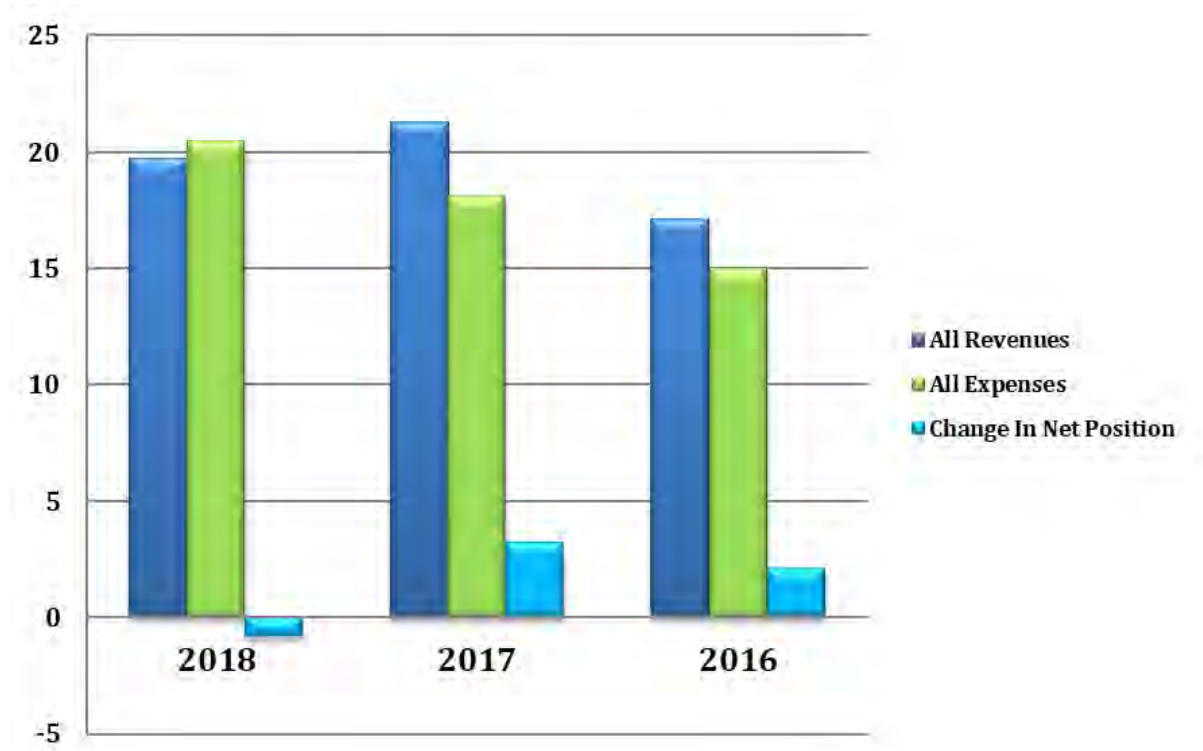
### Change in Net Position

Overall, the fiscal year ended June 30, 2018, brought a decrease in net position of \$1.7 million, a \$4.9 million decrease from the previous year. The primary reason for this



decrease over the prior year was due to a decrease of \$1.6 million in total revenues and an increase of \$2.4 million in total expenses for FYE 2018.

### Change in Net Position (in millions)



**Statements of Revenues, Expenses, and Changes in Net Position**

For the Fiscal Years Ended June 30, 2018, 2017, and 2016

	Fiscal Year End June 30,				
	2018	2017	Increase/ (Decrease)	2016	Increase/ (Decrease)
<b>Operating Revenues:</b>					
WWT & Disposal	\$10,935,848	\$11,273,024	(\$337,176)	\$9,323,505	\$1,949,519
WWT & Disposal Capacity Rights	2,510,154	2,519,533	(9,379)	2,519,748	(215)
Other Operating Revenues	219,498	204,904	14,594	205,774	(870)
<b>Total Operating Revenues</b>	<b>13,665,500</b>	<b>13,997,461</b>	<b>(331,961)</b>	<b>12,049,027</b>	<b>1,948,434</b>
<b>Nonoperating Revenues:</b>					
Member Contributions	2,303,325	2,307,624	(4,299)	1,730,491	577,133
Intergovernmental	3,413,408	4,795,478	(1,382,070)	2,765,270	2,030,208
Investment Income	326,487	193,157	133,330	567,709	(374,552)
Gain on Disposal of Asset	-	-	-	1,123	(1,123)
<b>Total Nonoperating Revenues</b>	<b>6,043,220</b>	<b>7,296,259</b>	<b>(1,253,039)</b>	<b>5,064,593</b>	<b>2,231,666</b>
<b>Total Revenues</b>	<b>19,708,720</b>	<b>21,293,720</b>	<b>(1,585,000)</b>	<b>17,113,620</b>	<b>4,180,100</b>
<b>Operating Expenses:</b>					
WWT and Disposal	5,841,074	6,421,150	(580,076)	6,434,652	(13,502)
General, Admin, and Overhead	1,429,043	591,686	837,357	270,613	321,073
Studies and Planning Costs	7,186,572	3,293,487	3,893,085	1,485,977	1,807,510
Depreciation	3,355,132	3,174,253	3,699	3,170,554	3,699
Amortization of WWT and Disposal Rights	1,400,918	1,400,914	4	1,400,918	(4)
<b>Total Operating Expenses</b>	<b>19,212,739</b>	<b>14,881,490</b>	<b>4,331,249</b>	<b>12,762,714</b>	<b>2,118,776</b>
<b>Nonoperating Expenses:</b>					
Interest Expense	487,975	563,942	(75,967)	655,473	(91,531)
Grant Program Expenses	791,862	2,627,795	(1,835,933)	1,562,246	1,065,549
<b>Total Nonoperating Expenses</b>	<b>1,279,837</b>	<b>3,191,737</b>	<b>(1,911,900)</b>	<b>2,217,719</b>	<b>974,018</b>
<b>Total Expenses</b>	<b>20,492,576</b>	<b>18,073,227</b>	<b>2,419,349</b>	<b>14,980,433</b>	<b>3,092,794</b>
<b>Change in Net Positions</b>	<b>(783,856)</b>	<b>3,220,493</b>	<b>(4,004,349)</b>	<b>2,133,187</b>	<b>1,087,306</b>
Beginning Net Position *	70,388,238	67,167,745	3,220,493	-	-
Prior Period Adjustments	(927,423)	-	(927,423)	65,034,558	2,133,187
<b>Ending Net Position</b>	<b>\$68,676,959</b>	<b>\$70,388,238</b>	<b>(\$1,711,279)</b>	<b>\$67,167,745</b>	<b>\$3,220,493</b>

\* GASB No. 75 implemented in FYE 2018. Prior years were not restated as the information was not readily available.

### Revenues

Combined revenues for the fiscal year 2018 totaled \$19.7 million, a decrease of \$1.6 million, or 7.4%, less than the prior fiscal year. The following denotes explanations on some of the changes between fiscal years 2018 and 2017.

- The \$0.3 million decrease in Waste Water Treatment and Disposal is due to decreases in biochemical oxygen demand (BOD) and total suspended solids (TSS) concentrations from the prior year.
- The \$1.4 million decrease in Intergovernmental is due to Proposition 84 Drought and 2015 implementation round grant contracts having passthrough amounts included in FYE 2017 but not included for FYE 2018 and increases in Proposition 1 DACI grant and the Water-Energy DAC grant.
- The \$0.1 million increase in Investment Income is due to higher interest rates in FYE 2018.

Combined revenues for the fiscal year 2017 totaled \$21.3 million, an increase of \$4.2 million, or 24.4%, more than the prior fiscal year. The following denotes explanations on some of the changes between fiscal years 2017 and 2016.

- The \$1.9 million increase in Waste Water Treatment and Disposal is due to increases in BOD and TSS concentrations and planned rate increases for flow, BOD and TSS, pipeline, and treatment capacity charges.
- The \$0.6 million increase in Member Contributions is due to planned increases for FYE 2017 member contributions and member contributions for the local share match for Proposition 84 2015 implementation round projects.
- The \$2.0 million increase in Intergovernmental is due to Proposition 84 Drought and 2015 implementation round grant contracts, Proposition 1 DACI grant, and the Water-Energy DAC grant.

### Expenses

Combined expenses for the fiscal year 2018 totaled \$20.5 million, an increase of \$2.4 million, or 13.4% more than the prior fiscal year. The following denotes explanations on some of the changes between fiscal years 2018 and 2017.

- The \$3.9 million increase in Studies and Planning Costs is due to increased efforts in the Brine Line Protection Project, the Water-Energy DAC grant, the Proposition 1 DACI grant, and the expensing of non-capitalizable costs associated with Reach V Capital Repairs Project litigation.

- The \$1.8 million decrease in Grant Program Expenses is due to Proposition 84 Drought projects and 2015 implementation round grant contracts passthrough amounts were included in Grant Program Expense for FYE 2017 instead of being included in Agency Funds. Passthrough amounts that were correctly classified as Agency Funds in FYE 2018.

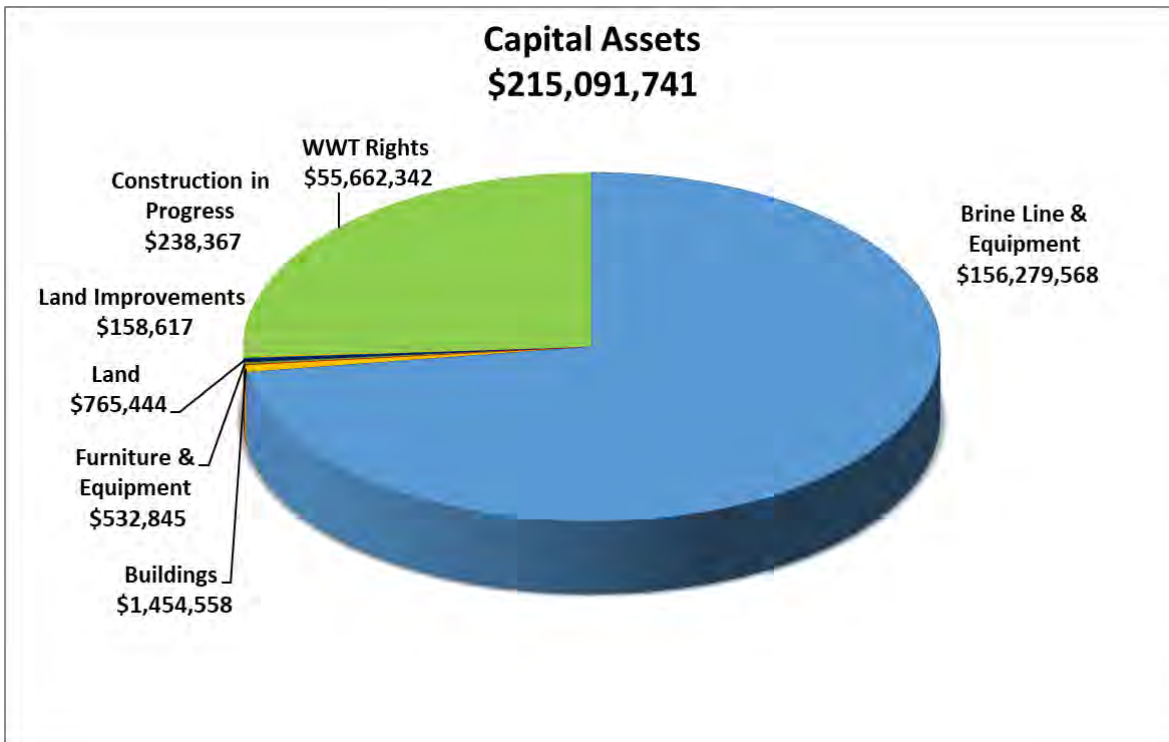
Combined expenses for the fiscal year 2017 totaled \$18.1 million, an increase of \$3.1 million, or 20.6% more than the prior fiscal year. The following denotes explanations on some of the changes between fiscal years 2017 and 2016.

- The \$1.8 million increase in Studies and Planning Costs is due to increased efforts in the RWQ Monitoring Task Force, the Water-Energy DAC grant, and the Proposition 1 DACI grant.
- The \$1.1 million increase in Grant Program Expenses is due to the Proposition 84 Drought projects and 2015 implementation round grant contracts, Proposition 1 DACI grant, and the Water-Energy DAC grant.

## Capital Assets

### Existing Capital Assets

The following chart is the composition of the Authority's total capital assets, not including depreciation and amortization, as of June 30, 2018; additional information can be found in Note 5 of the Notes to Financial Statements.



A comparison of the changes by major category between the current and prior fiscal years is provided in the Category of Net Position section on page 8 of this report.

### Future Capital Improvements

The capital improvements program (CIP) includes annual capital repairs to correct pipeline and MAS defects identified during closed circuit television (CCTV) and direct visual inspection. The repairs include items such as sealing pipe joints with major groundwater infiltration, repairing MAS and pipe corrosion protection (plastic "T-Lok" type liner), and completing repairs where structure corrosion has occurred.

A catastrophic failure and brine spill along Reach V caused SAWPA to investigate the in-situ condition of the pipe installed in 2001. Data collected indicates that the PVC pipe is deformed beyond the recommended amount (5% deflection) at a number of locations. During FYE 2013, test pits were excavated along the five miles of pipe in question and additional areas of deflection greater than 5% were found.

A panel of three pipeline experts was convened and recommended repair by installation of cured in place pipe (CIPP) to strengthen the pipe. Based upon this recommendation, a project was developed and a detailed design prepared. In FYE 2015, bid documents were completed, bids were received, and a construction contract was awarded. Construction began in 2015 with completion originally expected in fiscal year 2016. However, quality issues developed that were not corrected resulting in the termination of the contract. A new contract was awarded in January 2017 to correct the deficiencies in the first phase of the project and to complete phases 2 and 3. The project was completed in December 2017, and a notice of completion was filed in February 2018. A SRF Loan is funding part of the project and will be repaid through discharger fees.

A four mile stretch of the SARI, within Orange County, has been relocated outside the floodplain by the OCFCD. Relocation to the south side of the Santa Ana River protects the pipeline from Prado Dam water releases. In fiscal year 2012, the Authority loaned \$10 million to the OCFCD and the OCSD loaned up to \$70 million, to facilitate earlier completion of the relocation project. Project design was completed in fiscal year 2011 and the project was bid and awarded in fiscal year 2012. Construction completion was expected by fall 2013, but was delayed until spring 2014. Flows were diverted to the new line on May 7, 2014. Prior to the relocation of the SARI outside the floodplain, OCSD had performed several protection projects installing grade stabilizers and bank protection that was constructed using large rock. Upon completion of the project and as part of the Army Corps of Engineers permit condition, OCSD is required to remove the rock from the Santa Ana River floodplain. Project design and preparation of bid documents were completed in FYE 2018. Construction is expected to commence in mid FYE 2019 with completion in FYE 2020. As of June 2018, the \$10 million loaned by SAWPA to the OCFCD has been paid in full.

The Brine Line Reach 4D was constructed in the early 1990's, and runs from the intersection with Reach 4A in the City of Chino approximately 21 miles East to the intersection with Reach 4E in the City of Rialto. About seven miles of the Brine Line Reach 4D consists of T-Lok Lined 42-inch reinforced concrete pipe (RCP). The T-Lok lining is a polyvinyl chloride (PVC) lining on the interior circumference of the pipe that provides a protective corrosion barrier between the flow and concrete pipe. The T-Lok lining on this portion of the brine line was installed on the upper 270 degrees of the pipeline leaving the invert or bottom 90 degrees of the pipe unlined. Low flows during the initial years of operation placed the flow line below the termination of the T-Lok liner and exposed the concrete to corrosion and uplifting of the T-Lok liner. A consultant was hired in March 2018 to conduct a pipeline condition assessment, evaluate the condition and remaining useful life of this portion of the Reach 4D pipeline, and prepare the Reach 4D Work Plan. The Work Plan will include an evaluation of potential repair methods, a preferred repair method, recommended actions to monitor the condition of the Brine Line, recommended actions to provide repairs as necessary in the future, and a schedule and cost estimate for the proposed recommendations. The pipeline field investigation work was conducted in May 2018. The Work Plan will be completed in FYE 2019.

## Long-Term Debt

The Authority's long-term debt consists of four loans from the SWRCB for construction of Reach V of the Brine Line, a loan from the SWRCB for repairs of Reach IV-A and IV-B, a loan from a member agency for the repurchase of wastewater capacity and treatment/disposal rights, and a contractual obligation due to a related joint powers authority.

During the fiscal years ended June 30, 2018, 2017, and 2016, the Authority made all of its scheduled principal payments on these debts as follows:

Debt Service	2018	2017	2016
SWRCB Brine Line	\$0	\$0	\$966,256
SWRCB TVRI Line	991,996	966,002	940,688
SWRCB Reach IVA & IVB	692,558	675,008	657,903
OCWD Repurchase of Wastewater Rights	336,085	317,061	299,114
WRCRWA* Contractual Obligation	519,182	505,239	491,479

\*West Riverside County Regional Wastewater Authority

These payments decreased the outstanding balance in long-term debt by \$2.5 million. A new loan from the SWRCB for \$15 million has been secured for the Reach V Capital Repair Project. Repayment for this loan will begin in FYE 2019. For more detailed information refer to Note 7 of the Notes to Financial Statements.

## Fiscal Year 2018-2019 Budget

### Economic and Financial Factors

The economy in the Authority's service area is looking brighter. Steady increases in job numbers and positive development in the sectors of healthcare and logistics have helped the Inland Empire. Consumer spending has also continued to increase steadily. The Authority has continued to seek ways to increase efficiency and reduce our budget by optimizing operational processes and implementation of a number of cost cutting measures throughout operations. Since 2010, six positions have been added in Brine Line operations. These positions have been added to bring functions previously provided for by consultants in house, which greatly increase the efficiency and effectiveness of our operations. Through these efforts, we have been able to reduce costs and pass those savings on to our member agencies through reduced fees and member contributions.

The Authority is faced with a \$60 million Capital Improvement Program over the next 25 years. To ensure that there will be funds available to implement the program, the Authority conducted a long-term financial plan and rate model for the Brine Line. This model has served as a financial planning tool to ensure sufficient revenues are collected for operating needs, capital needs, and the funding of a long-term capital repair and replacement reserve.

Management is unaware of any other conditions that could have a significant past, present, or future impact on the Authority's current financial position, net position, or operating results.

### Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances for the Board of Commissioners, customers, investors, creditors, and other interested parties. Questions concerning any information provided in the report or requests for additional information should be addressed to the Authority's Finance Department, 11615 Sterling Avenue, Riverside, CA 92503.

## **BASIC FINANCIAL STATEMENTS**



**Santa Ana Watershed Project Authority**  
**Statement of Net Position**  
**Proprietary Fund**  
June 30, 2018

**ASSETS**

Current Assets:

Cash and Cash Equivalents (Note 2)	\$ 28,286,259
Cash and Cash Equivalents - Restricted (Note 2)	949,002
Investments (Note 2)	17,380,431
Interest Receivable	175,425
Accounts Receivable	6,759,970
Accounts Receivable - Grants	4,123,841
Notes Receivable - Other	160,236
Notes Receivable - Current Portion (Note 3)	84,011
Prepaid Items and Other Assets	252,031
Mitigation Credits (Note 4)	<u>1,910,560</u>

Total Current Assets	<u>60,081,766</u>
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Noncurrent Assets:

Capital Assets (Note 5):	
Not Being Depreciated	1,003,811
Being Depreciated, Net of Accumulated Depreciation and Amortization	<u>115,988,540</u>

Total Noncurrent Assets	<u>116,992,351</u>
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Total Assets	<u>177,074,117</u>
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Amounts from Pension Plans	1,445,773
Deferred Amounts from OPEB Plan	<u>176,114</u>

Total Deferred Outflows of Resources	<u>\$ 1,621,887</u>
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The accompanying notes are an integral part of this statement.

**Santa Ana Watershed Project Authority**  
**Statement of Net Position - Continued**  
**Proprietary Fund**  
June 30, 2018

**LIABILITIES**

Current Liabilities:

Accounts Payable	\$ 2,131,358
Accrued Salaries and Wages	137,407
Accrued Interest Payable	442,396
Deposits	10,000
Long-Term Liabilities - Due Within One Year:	
Compensated Absences (Note 6)	180,887
Loans Payable (Note 7)	2,107,050

Total Current Liabilities	5,009,098
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Noncurrent Liabilities:

Unearned Revenue (Note 8)	70,209,134
Long-Term Liabilities - Due in More than One Year:	
Compensated Absences (Note 6)	412,022
Loans Payable (Note 7)	29,742,813
Net Pension Liability (Note 11)	3,724,430
Net OPEB Liability (Note 12)	603,174

Total Noncurrent Liabilities	104,691,573
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Total Liabilities	109,700,671
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**DEFERRED INFLOWS OF RESOURCES**

Deferred Amounts from Pension Plans	314,268
Deferred Amounts from OPEB Plan	4,106

Total Deferred Inflows of Resources	318,374
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**NET POSITION (NOTE 9)**

Net Investment in Capital Assets	85,226,499
Restricted for:	
SRF Reach IVA & IVB Reserve Requirement	1,050,000
Mitigation	1,910,560
Unrestricted	(19,510,100)

Total Net Position	\$ 68,676,959
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The accompanying notes are an integral part of this statement.

**Santa Ana Watershed Project Authority**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Fund**  
For the Year Ended June 30, 2018

<b>OPERATING REVENUES</b>	
Wastewater Treatment and Disposal	\$ 10,935,848
Wastewater Treatment and Disposal - Capacity Rights	2,510,154
Other	219,498
	<hr/>
Total Operating Revenues	13,665,500
	<hr/>
<b>OPERATING EXPENSES</b>	
Wastewater Treatment and Disposal	5,841,074
General and Administrative and Overhead	1,429,043
Studies and Planning Costs	7,186,572
	<hr/>
Total Operating Expenses	14,456,689
	<hr/>
Operating Income (Loss) Before Depreciation and Amortization	(791,189)
Depreciation	(3,355,132)
Amortization	(1,400,918)
	<hr/>
Operating Income (Loss)	(5,547,239)
	<hr/>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Member Contributions	2,303,325
Intergovernmental	3,413,408
Investment Earnings	326,487
Interest Expense	(487,975)
Grant Program Expenses	(791,862)
	<hr/>
Total Non-operating Revenues (Expenses)	4,763,383
	<hr/>
Change in Net Position	(783,856)
	<hr/>
Net Position - Beginning of Year, As Previously Reported	70,388,238
Prior Period Adjustment	(927,423)
	<hr/>
Net Position - Beginning of Year, As Restated	69,460,815
	<hr/>
Net Position - End of Year	\$ 68,676,959
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

**Santa Ana Watershed Project Authority**  
**Statement of Cash Flows**  
**Proprietary Fund**  
For the Year Ended June 30, 2018

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from Customers	\$ 13,456,570
Cash Paid to Employees	(3,627,185)
Cash Paid to Suppliers	<u>(13,490,568)</u>
Net Cash Provided By (Used For) Operating Activities	<u>(3,661,183)</u>

**CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES**

Member Contributions	2,353,064
Other Governments	1,881,753
Grant Program Expenses	<u>(791,862)</u>
Net Cash Provided By (Used For) Noncapital and Related Financing Activities	<u>3,442,955</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition and Construction of Capital Assets	(8,245,954)
Proceeds from Acquisition of Long-term Debt	7,595,992
Principal Payments on Long-term Debt	(2,689,248)
Interest Paid on Long-term Debt	<u>(414,830)</u>
Net Cash Provided By (Used For) Capital and Related Financing Activities	<u>(3,754,040)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Investments	(2,667,268)
Proceeds from Sale of Investments	4,394,256
Interest Received	<u>319,637</u>
Net Cash Provided By (Used For) Investing Activities	<u>2,046,625</u>
Net Decrease in Cash and Cash Equivalents	(1,925,643)

Cash and Cash Equivalents - Beginning of Year	<u>31,160,904</u>
Cash and Cash Equivalents - End of Year	<u>\$ 29,235,261</u>

**RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION**

Cash and Cash Equivalents	\$ 28,286,259
Cash and Cash Equivalents - Restricted	<u>949,002</u>
Total Cash and Cash Equivalents	<u>\$ 29,235,261</u>

The accompanying notes are an integral part of this statement.

**Santa Ana Watershed Project Authority**  
**Statement of Cash Flows - Continued**  
For the Year Ended June 30, 2018

**Reconciliation of Operating Income (Loss) to Net Cash Provided  
By (Used For) Operating Activities:**

Operating Income (Loss)	\$ (5,547,239)
Adjustments:	
Amortization	1,400,918
Depreciation	3,355,132
Change in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:	
(Increase) Decrease in Accounts Receivable	(4,863,595)
(Increase) Decrease in Prepaid Items and Other Assets	51,225
(Increase) Decrease in Notes Receivable	3,742,287
(Increase) Decrease in Loans Receivable	3,412,531
(Increase) Decrease in Deferred Outflows of Resources from Pension Plans	(428,300)
(Increase) Decrease in Deferred Outflows of Resources from OPEB Plan	50,719
Increase (Decrease) in Accounts Payable	(2,968,911)
Increase (Decrease) in Accrued Salaries and Wages	10,283
Increase (Decrease) in Compensated Absences	(1,385)
Increase (Decrease) in Unearned Revenue	(2,510,153)
Increase (Decrease) in Net Pension Liability	619,688
Increase (Decrease) in Net OPEB Liability	(39,158)
Increase (Decrease) in Deferred Inflows of Resources from Pension Plans	40,669
Increase (Decrease) in Deferred Inflows of Resources from OPEB Plans	4,106
	4,106
Net Cash Provided By (Used For) Operating Activities	\$ (3,671,183)

**NONCASH INVESTING, CAPITAL AND  
FINANCING ACTIVITIES:**

Net increase in the fair value of investments	\$ 340,068
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The accompanying notes are an integral part of this statement.

**Santa Ana Watershed Project Authority**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
June 30, 2018

	<u><b>Total Agency Funds</b></u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 465,925
Accounts Receivable - Grants	<u>3,405,211</u>
Total Assets	<u><u>\$ 3,871,136</u></u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	<u>\$ 3,419,860</u>
Total Current Liabilities	<u>3,419,860</u>
Noncurrent Liabilities:	
Deposits - Legal Defense	<u>451,276</u>
Total Noncurrent Liabilities	<u>451,276</u>
Total Liabilities	<u><u>\$ 3,871,136</u></u>

The accompanying notes are an integral part of this statement.

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) Organization and Purpose**

The Santa Ana Watershed Project Authority (“the Authority”) was reformed in 1972 pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California relating to the joint exercise of powers common to public agencies, for purpose of undertaking projects for water quality control and protection and pollution abatement in the Santa Ana River Watershed. The five member agencies are the Orange County Water District, Inland Empire Utilities Agency (formerly Chino Basin Municipal Water District), Eastern Municipal Water District, San Bernardino Valley Municipal Water District, and Western Municipal Water District. The Board of Commissioners is the governing body of the Authority. Each member of the Authority appoints, by resolution of its governing body, one member of its governing body to act as its Commissioner on the Board.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The criteria provided in Governmental Accounting Standard Board (GASB) Statements have been considered and there are no agencies or entities which should be presented with the Authority.

The Authority’s enterprise activities are accounted for on the basis of funds, each of which is considered a separate accounting entity. The operations of each activity are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenue, and expenses. Authority resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The Authority’s various funds are grouped as follows:

*Capital Projects Activities* - Record the activity of the various capital improvement projects and programs undertaken by the Authority.

*Internal Administration* - Reflect the grouping of general and administration expenses and department overhead costs. Reported amounts are net of allocations made in support of capital projects and enterprise activities.

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**A) Organization and Purpose - Continued**

*Enterprise Activities* - Reflect operations of the Inland Empire Brine Line System (Brine Line) pipelines.

The Authority also has the following Fiduciary Funds:

*Agency Funds* - Agency funds are utilized to record monies held on behalf of others in a fiduciary capacity. The Authority has two agency funds:

*The Legal Defense Fund* - This fund was established in conjunction with the Environmental Protection Agency in connection with potential third-party lawsuits arising from the discharge of effluent which originates from the Stringfellow Hazardous Waste Site, while the facility is operated by the Environmental Protection Agency or its agents under the use permit.

*The Integrated Regional Water Management Program (Prop 84 Capital Projects)* - This fund was established to account for pass-through monies of the Authority's member and other agencies.

**B) Basis of Presentation**

The Authority reports its activities as an enterprise fund, which is a Proprietary type fund used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Authority is that the cost of providing services on a continuing basis be financed or recovered primarily through user charges, capital grants, and similar funding.

**C) Measurement Focus and Basis of Accounting**

"Measurement focus" is a term used to describe *which* transactions are recorded within the various financial statements. "Basis of accounting" refers to *when* transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the "economic resources measurement focus", and the "accrual basis of accounting". Under the economic measurement focus all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the statement of net position.



**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C) Measurement Focus and Basis of Accounting - Continued**

The Statements of Revenues, Expenses and Changes in Net Position, present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**D) New Accounting Pronouncements**

**Current Year Standards**

*GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, effective for periods beginning after June 15, 2017. Currently, this statement is reflected on the Authority's financial statements.

*GASB 81 - Irrevocable Split Interest Agreements* effective, for periods beginning after December 15, 2016 and did not impact the Authority.

*GASB 82 - Pensions Issues*, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which is effective in the first reporting period in which the measurement data of the pension liability is on or after June 15, 2017. Currently this statement is reflected on the Authority's financial statements.

*GASB 85 - Omnibus 2017*, effective for periods beginning after June 15, 2017 and did not impact the Authority.

*GASB 86 - Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017 and did not impact the Authority.

**Pending Accounting Standards**

GASB has issued the following statements, which may impact the Authority's financial reporting requirements in the future:

- *GASB 83 - Certain Asset Retirement Obligations*, effective beginning after June 15, 2018.

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D) New Accounting Pronouncements - Continued**

**Pending Accounting Standards - Continued**

- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.
- GASB 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for fiscal years beginning after June 15, 2018.
- GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for fiscal years beginning after December 15, 2019.
- GASB 90 - *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for fiscal years beginning after December 15, 2018.

**E) Deferred Outflows / Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The Authority has the following items that qualify for reporting in this category:

- Deferred outflow related to pensions and OPEB is equal to employer contributions made after the measurement date of the net pension liability and OPEB, as applicable.
- Deferred outflow related to pensions and OPEB are for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB through the plans.
- Deferred outflow related to pensions and OPEB are for differences between projected and actual earning on pensions and OPEB through the plans. These amounts are amortized over 5 years.

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E) Deferred Outflows / Inflows of Resources - Continued**

- Deferred outflow related to pensions and OPEB are for changes in proportion and differences between employer contributions and proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Authority has the following items that qualify for reporting in this category:

- Deferred inflow related to pensions and OPEB are for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflow from pensions and OPEB resulting from changes in assumptions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB through the plans.
- Deferred inflow related to pensions and OPEB plans for changes in proportion and differences between employer contributions and proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB through the plans.

**F) Net Position Flow Assumption**

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position, a flow assumption must be made about the order in which the resources are considered to be applied.

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**F) Net Position Flow Assumption - Continued**

It is the Authority's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied; however it is at the Board of Commissioners' discretion.

**G) Operating Revenues and Expenses**

Operating revenues, such as wastewater treatment and wastewater disposal, capacity rights, and contractual services, result from exchange transactions associated with the principal activity of the Authority. Exchange transactions are those in which each party receives and gives up essentially equal values.

Revenues not included in the above category are reported as nonoperating revenues. Nonoperating revenues such as a grant funding, member contributions, and investment earnings, result from nonexchange transactions or ancillary activities in which the Authority gives (receives) value without directly receiving (giving) value in exchange.

Operating expenses include wastewater treatment and disposal, studies and planning costs, management, administration, and depreciation/amortization on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

**H) Cash and Cash Equivalents**

Substantially all the Authority's cash is invested in interest bearing cash accounts. The Authority considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

**I) Investments and Investment Policy**

The Authority has adopted an investment policy directing the Authority's Chief Financial Officer to deposit funds in financial institutions.

Investments are stated at their fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**I) Investments and Investment Policy - Continued**

Changes in fair value that occur during a fiscal year are recognized as investment income reported for the fiscal year. Investment earnings includes interest earnings, changes in market value, and any gains or losses realized upon the liquidation or sale of investments.

**J) Restricted Assets**

Restricted assets are financial resources generated for a specific purpose such as capital projects or debt service. These assets are for the benefit of a specified purpose and, as such, are legally or contractually restricted by an external third-party agreement.

**K) Accounts Receivable**

The Authority extends credit in the normal course of operations. Management deems all accounts receivable as collectible at year end. Accordingly, an allowance for doubtful accounts has not been recorded.

**L) Prepaid Items**

Certain payments to vendors reflects costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

**M) Mitigation Credits**

Mitigation credits are recorded at cost and are purchased and used by those agencies or businesses needing habitat mitigation within the Watershed for specific development projects.

**N) Capital Assets**

Capital assets acquired and/or constructed are capitalized at historical cost. Capital assets are defined as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated assets are recorded at acquisition value at the date of contribution. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**N) Capital Assets - Continued**

Depreciation is calculated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	40 Years
Land Improvements	15-20 Years
Furniture and Office Equipment	3 Years
Brine Line and Equipment	25 Years

Wastewater treatment and disposal rights are included as capital assets and are capitalized at cost. Amortization is computed using the straight-line method over the remaining life of the Authority's contract with the Orange County Sanitation District for the acquisition of the rights at the time the rights were acquired. The current contract expires April 26, 2046.

**O) Compensated Absences**

The Authority's policy is to pay out sick leave time accrued upon retirement, death or termination on a variable scale of 15% to 60% based on years of service. Each full-time employee accrues 96 hours of sick time per year. The liability for this benefit has been accrued in these financial statements.

Employees of the Authority are entitled to paid vacation depending on length of service. Vacation is accrued for full-time employees beginning on the first day of full-time employment, and ranges from 12 to 22 days per year based on longevity with the Authority. Part-time employees accrue vacation on a prorated basis on the actual number of hours worked.

Authority policy requires employees to pass a probationary period prior to payment for accrued vacation hours. Employees are allowed to accumulate vacation leave up to twice their annual accrual, but no more than 36 days.

**P) Unearned Revenue**

Unearned revenue represents advance payments received for wastewater treatment and disposal capacity rights sold, which are being recognized as revenue as the services are provided.

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Q) Capital Contributions**

Capital contributions consist of grants awarded and contributions received for the acquisition and/or construction of capital assets. Contributions received for studies, planning, administration, and other noncapital assets are considered nonoperating revenue.

**R) Capital and Operating Grants**

When a grant agreement is approved and eligible expenditures are incurred, the amount is recorded as a capital or operating grant receivable on the Statement of Net Position and as capital grant contribution or operating grant revenue, as appropriate, on the Statement of Revenues, Expenses and Changes in Net Position.

**S) Budgetary Policies**

The Authority adopts a biannual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period.

**T) Net Position**

The financial statements utilize a net position presentation. Net position is categorized as follows:

- Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt against the acquisition, construction or improvement of those assets.
- Restricted Net Position - This component of net position consists of constraints placed on net position use imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - This component of net position consists of net position that does not meet the definition of *net investment in capital assets or restricted*.

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**U) Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's California Public Employees' Retirement System (CalPERS) plan (Plan) and addition to/deduction from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**V) Other Post-Employment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

**W) Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain report amounts and disclosures. Accordingly, actual results could differ from the estimates.



**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**2) CASH AND INVESTMENTS**

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Cash Equivalents	\$ 28,286,259
Cash and Cash Equivalents - Restricted	949,002
Investments	<u>17,380,431</u>
Total Cash and Investments	46,615,692
Statement of Fiduciary Assets and Liabilities -	
Agency Funds:	
Cash and Investments	<u>465,925</u>
Total Cash and Investments	<u>\$ 47,081,617</u>

Cash and investments consist of the following:

Cash on Hand	\$ 500
Deposits with Financial Institutions	1,333,347
Investments	<u>45,747,770</u>
Total Cash and Investments	<u>\$ 47,081,617</u>

Investments in LAIF and CalTRUST are considered highly liquid, and deposits can be converted to cash within 24 hours without loss of interest. As of June 30, 2018, the LAIF and CalTRUST pools had a weighted average maturity of the following:

California Local Agency Investment Fund (LAIF)	193 days
Investment Trust of California (CalTRUST)	799 days

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**2) CASH AND INVESTMENTS - Continued**

**Investments Authorized by the California Government Code and the Authority's Investment Policy**

The table below identifies the investment types that are authorized by the Authority in accordance with the California Government Code (or the Authority's Investment Policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Authority's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S Treasury Bills, Notes and Bonds	5 years	None	N/A
U.S. Government Sponsored Agency Securities	5 years	None	None
Mutual Funds	90 days	15%	None
Municipal Bonds	5 years	None	None
Banker's Acceptances	180 years	40%	30%
Commercial Paper	270 days	15%	*
Negotiable Certificates of Deposit	5 years	30%	\$250,000
Repurchase Agreements	1 year	None	None
Medium-Term Corporate Notes	5 years	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	N/A
Collateralized Bank Deposits	5 years	25%	None
Investment Trust of California (CalTRUST)	5 years	15%	N/A

N/A - Not Applicable

\*10% of outstanding paper of an issuing corporation.

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**2) CASH AND INVESTMENTS - Continued**

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and CalTRUST).

The California Government Code and the Authority's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit), and the Authority's investment policy that requires no more than two-thirds of the Authority's deposits in a depository shall be collateralized by mortgage-backed securities, with the remainder to be secured by non-mortgage-backed securities. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of the secured Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the Authority's bank deposits, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Authority's name.

**Investment in State Investment Pool**

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this Pool is reported in the accompanying financial statements based upon the Authority's pro-rata share of the fair

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**2) CASH AND INVESTMENTS - Continued**

**Investment in State Investment Pool - Continued**

value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

CalTRUST is a Joint Powers Agency Authority created by local public agencies to provide a convenient method for local public agencies to pool their assets for investment purposes. CalTRUST is governed by a Board of Trustees made up of experienced local agency treasurers and investment officers. The Board sets overall policies for the program and selects and supervises the activities of the investment manager and other agents. CalTRUST maintains and administers four pooled accounts within the program: Money Market, Short-Term, Medium-Term and Long-Term. The Money Market account permits daily transactions, with same-day liquidity (provided redemption requests are received by 1:00 p.m. Pacific time), with no limit on the amount of funds that may be invested.

The short-term account permits an unlimited number of transactions per month (with prior day notice), with no limit on the amount of funds that may be invested. The medium- and long-term accounts permit investments, withdrawals and transfers once per month, with five days advance notice. All CalTRUST accounts comply with the limits and restrictions placed on local agency investments by the California Government Code. CalTRUST imposes a \$250,000 minimum investment; however, there is no maximum limit. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's percentage interest of the fair value provided by CalTRUST for the CalTRUST accounts (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CalTRUST.

**Interest Rate Risk**

Interest rate risk is the risk where changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations. Information about the sensitivity of the fair cash values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity date.

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**2) CASH AND INVESTMENTS - Continued**

**Interest Rate Risk - Continued**

Maturities of investments and cash equivalents as of June 30, 2018, were as follows:

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 to 24 Months	25 to 60 Months	
U.S. Treasury Strips	\$ 1,364,313	\$ 1,341,110	\$ 3,398,301	\$ 6,103,724
U.S. Government Sponsored Agency Securities	1,500,890	983,958	4,377,493	6,862,341
LAIF	28,367,339	-	-	28,367,339
CalTRUST Medium-Term Fund	2,182,874	-	-	2,182,874
Medium-Term Corporate Notes	499,831	-	-	499,831
Negotiable Certificates of Deposit	739,661	248,000	744,000	1,731,661
	<u>\$ 34,654,908</u>	<u>\$ 2,573,068</u>	<u>\$ 8,519,794</u>	<u>\$ 45,747,770</u>

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Authority's Investment Policy, or debt agreements and the actual rating as of year-end for each investment type. This is measured by the assignment of a rating by a nationally recognized statistical rating organization; however, LAIF and CalTRUST are not rated.

Credit ratings by Standard & Poor's of investments and cash equivalents as of June 30, 2018, were as follows:

Investment Type	Medium Legal Rating	Exempt From Disclosure	Ratings as of Year End			Not Rated
			AA+	AA-	A+	
U.S. Treasury Strips	\$ 6,103,724	N/A	\$ 6,103,724	\$ -	\$ -	\$ -
U.S. Government Sponsored Agency Securities	6,862,341	N/A	-	6,862,341	-	-
LAIF	28,367,339	N/A	-	-	-	28,367,339
CalTRUST Medium-Term Fund	2,182,874	N/A	-	-	-	2,182,874
Medium-Term Corporate Notes	499,831	N/A	-	-	499,831	-
Negotiable Certificates of Deposit	1,731,661	N/A	-	-	-	1,731,661
Total	<u>\$ 45,747,770</u>		<u>\$ 6,103,724</u>	<u>\$ 6,862,341</u>	<u>\$ 499,831</u>	<u>\$ 32,281,874</u>

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**2) CASH AND INVESTMENTS - Continued**

**Concentration of Credit Risk**

The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The Authority has no investments that represent 5% or more of total Authority investments invested in one issuer.

**Fair Value Measurements**

Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurements and Application, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value with Level 1 given the highest priority and Level 3 the lowest priority. The three levels of the fair value hierarchy are as follows:

*Level 1* inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date.

*Level 2* inputs are inputs other than quoted prices included within *Level 1* that are observable for the asset or liability, either directly or indirectly. *Level 2* inputs include the following:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c. Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

*Level 3* inputs are unobservable inputs for the asset or liability.

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**2) CASH AND INVESTMENTS - Continued**

**Fair Value Measurements - Continued**

The Authority has the following recurring fair value measurements as of June 30, 2018:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Treasury Strips	\$ -	\$ 6,103,724	\$ -	\$ 6,103,724
U.S. Government Sponsored Agency Securities	-	6,862,341	-	6,862,341
Medium-Term Corporate Notes	-	499,831	-	499,831
Negotiable Certificates of Deposit	-	1,731,661	-	1,731,661
 Total Investments	 <u>\$ -</u>	 <u>\$ 15,197,557</u>	 <u>\$ -</u>	 15,197,557
 Local Agency Investment Fund*				 28,367,339
CalTRUST Investment Pool*				<u>2,182,874</u>
 Total Investment Portfolio				 <u>\$ 45,747,770</u>

\*Not subject to fair value measurement hierarchy.

**3) NOTES RECEIVABLE**

During the year ended June 30, 1999, the Authority sold capacity rights in the Brine Line pipeline under an installment agreement with Western Municipal Water District. Sale terms specify annual installments of \$89,063 with zero interest due July 1 of each year through 2019. The receivable has been discounted at the imputed interest rate of 6.00% and totals \$84,011 at June 30, 2018. Remaining repayments total \$89,053 with an unamortized discount of \$5,042 at June 30, 2018.

Notes receivable amounts at June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
<u>2019</u>	<u>\$ 84,011</u>	<u>\$ 5,042</u>	<u>\$ 89,053</u>
Less: Current Portion	<u>(84,011)</u>		
 Total Non-current	 <u>\$ -</u>		

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**4) MITIGATION CREDITS**

On March 17, 2000, the State of California voted to approve Proposition 13, the Costa-Machado Water Act of 2000 containing the Southern California Integrated Watershed Program (SCIWP), providing \$235 million for local grant assistance. The State Legislature appropriated the funds to the State Water Resource Control Board (SWRCB) to be allocated to the Authority for projects to rehabilitate and improve the Santa Ana River Watershed.

On April 23, 2003, as part of the SCIWP, the Authority purchased 100 acres of mitigation credits from the Riverside County Regional Park and Open Space District. These credits are purchased and used by those needing habitat mitigation within the Watershed for specific development projects.

The changes to mitigation credits at June 30, 2018 were as follows:

Balance 2017	Additions	Deletions	Balance 2018
\$ 1,910,560	\$ -	\$ -	\$ 1,910,560

**5) CAPITAL ASSETS**

Changes in capital assets were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 765,444	\$ -	\$ -	\$ 765,444
Construction in Progress	19,943,664	8,143,373	(27,848,670)	238,367
Total Capital Assets, Not Being Depreciated	20,709,108	8,143,373	(27,848,670)	1,003,811
Capital Assets, Being Depreciated				
Land Improvements	140,217	18,400	-	158,617
Buildings	1,454,558	-	-	1,454,558
Furniture and Equipment	517,335	15,510	-	532,845
Brine Line and Equipment	128,362,228	27,917,340	-	156,279,568
Wastewater Treatment and Disposal Rights	55,662,342	-	-	55,662,342
Total Capital Assets Being Depreciated	\$186,136,680	\$ 27,951,250	\$ -	\$214,087,930



**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**5) CAPITAL ASSETS - Continued**

	Beginning Balance	Additions	Deletions	Ending Balance
Less Accumulated Depreciation				
Land Improvements	\$ (86,903)	\$ (3,722)	\$ -	\$ (90,625)
Buildings	(901,208)	(37,549)	-	(938,757)
Furniture and Equipment	(334,817)	(33,684)	-	(368,501)
Brine Line and Equipment	(65,292,905)	(3,280,176)	-	(68,573,081)
Accumulated Amortization	(26,727,508)	(1,400,918)	-	(28,128,426)
 Total Accumulated Depreciation	 (93,343,341)	 (4,756,049)	 -	 (98,099,390)
 Total Capital Assets Being Depreciated, Net	 92,793,339	 23,195,201	 -	 115,988,540
 Total Capital Assets, Net	 <u>\$113,502,447</u>	 <u>\$ 31,338,574</u>	 <u>\$(27,848,670)</u>	 <u>\$116,992,351</u>

**6) COMPENSATED ABSENCES**

Compensated absences comprise of unpaid vacation and sick leave which is accrued as earned.

The changes to compensated absences balances were as follows:

	Balance 2017	Earned	Taken	Balance 2018	Current Portion	Long-term Portion
Compensated Absences	\$ 594,294	\$ 282,787	\$(284,172)	\$ 592,909	\$ 180,887	\$ 412,022

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**7) LONG-TERM DEBT**

Changes in long-term debt were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<i>SWRCB Brine Line Reach V Loans:</i>				
Loan I	\$ 1,561,475	\$ -	\$ (295,905)	\$ 1,265,570
Loan II & III	1,258,145	-	(238,880)	1,019,265
Loan IV	846,482	-	(202,634)	643,848
Loan V	1,340,820	-	(254,577)	1,086,243
Total SWRCB Brine Line Reach V Loans	<u>5,006,922</u>	<u>-</u>	<u>(991,996)</u>	<u>4,014,926</u>
<i>Member Agency Loans:</i>				
OCWD Loan	336,085	-	(336,085)	-
WRCRWA SFR Loans #2, 3, and 4	519,182	-	(519,182)	-
Total Member Agency Loans	<u>855,267</u>	<u>-</u>	<u>(855,267)</u>	<u>-</u>
<i>State Revolving Fund Loan:</i>				
Reach IVA & IVB	<u>13,527,495</u>	<u>-</u>	<u>(692,558)</u>	<u>12,834,937</u>
<i>SWRCB Inland Empire Brine Line Reach V Loans:</i>				
Loan I	<u>7,553,435</u>	<u>7,595,992</u>	<u>(149,427)</u>	<u>15,000,000</u>
Total Long-term Debt	26,943,119	<u>\$ 7,595,992</u>	<u>\$(2,689,248)</u>	31,849,863
Less: Current Portion	<u>(2,640,196)</u>			<u>(2,107,050)</u>
Long-term Portion	<u>\$24,302,923</u>			<u>\$29,742,813</u>

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**7) LONG-TERM DEBT - Continued**

**State Water Resources Control Board - Brine Line Reach V Loan No. I**

This loan, in the amount of \$5,089,798, was for the construction of Reach V of the Brine Line Pipeline. Annual principal and interest payments of \$338,065, at the rate of 2.70%, commenced on October 5, 2002, and will mature on October 5, 2021.

For the Year Ended June, 30,	Principal	Interest	Total
2019	\$ 303,895	\$ 34,170	\$ 338,065
2020	312,100	25,965	338,065
2021	320,527	17,538	338,065
2022	329,048	8,886	337,934
Total	<u>1,265,570</u>	<u>\$ 86,559</u>	<u>\$ 1,352,129</u>
Less: Current Portion	<u>(303,895)</u>		
Total Noncurrent	<u>\$ 961,675</u>		

**State Water Resources Control Board - Brine Line Reach V Loan No. II and III**

This loan, in the amount of \$4,187,933, was for the construction of Reach V of the Brine Line Pipeline. Annual principal and interest payments of \$271,592, at the rate of 2.60%, commenced on October 5, 2002, and will mature on October 5, 2021.

For the Year Ended June, 30,	Principal	Interest	Total
2019	\$ 245,091	\$ 26,501	\$ 271,592
2020	251,463	20,129	271,592
2021	258,001	13,591	271,592
2022	264,710	6,882	271,592
Total	<u>1,019,265</u>	<u>\$ 67,103</u>	<u>\$ 1,086,368</u>
Less: Current Portion	<u>(245,091)</u>		
Total Noncurrent	<u>\$ 774,174</u>		

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**7) LONG-TERM DEBT - Continued**

**State Water Resources Control Board - Brine Line Reach V Loan No. IV**

This loan, in the amount of \$3,373,815, was for the construction of Reach V of the Brine Line Pipeline. Annual principal and interest payments of \$227,182, at the rate of 2.90%, commenced on September 11, 2001, and will mature on September 11, 2020.

For the Year Ended June, 30,	Principal	Interest	Total
2019	\$ 208,510	\$ 18,672	\$ 227,182
2020	214,557	12,625	227,182
2021	220,781	6,401	227,182
Total	643,848	\$ 37,698	\$ 681,546
Less: Current Portion	(208,510)		
Total Noncurrent	\$ 435,338		

**State Water Resources Control Board - Brine Line Reach V Loan No. V**

This loan, in the amount of \$4,455,792, was for the construction of Reach V of the Brine Line Pipeline. Annual principal and interest payments of \$289,439, at the rate of 2.90%, commenced on October 5, 2004, and will mature on October 5, 2021.

For the Year Ended June, 30,	Principal	Interest	Total
2019	\$ 261,197	\$ 28,242	\$ 289,439
2020	267,987	21,452	289,439
2021	274,955	14,484	289,439
2022	282,104	7,333	289,437
Total	1,086,243	\$ 71,511	\$ 1,157,754
Less: Current Portion	(261,197)		
Total Noncurrent	\$ 825,046		

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**7) LONG-TERM DEBT - Continued**

**Orange County Water District**

This was a purchase obligation for Brine Line Pipeline capacity in the amount of \$4,706,326. Annual principal and interest payments of \$356,250, at the rate of 6.00%, commenced on July 1, 1999, and will mature on July 1, 2018. This obligation was paid in full as of June 30, 2018.

**Western Riverside County Regional Wastewater Authority**

This is a contractual obligation in the amount of \$8,003,454, with the WRCRWA Joint Powers Authority for a portion of loans from the State Water Resources Control Board for the construction of wastewater treatment facilities. Annual principal and interest payments of \$533,924, at the rate of 2.80%, commenced on February 13, 1999, and will mature on June 1, 2018. This obligation was paid in full as of June 30, 2018.

**State Revolving Fund Loan - Reach IV-A and IV-B**

On April 13, 2011, the Authority entered into a loan agreement to receive up to \$16,850,337 from the California State Water Resources Control Board to repair the existing brine disposal pipeline to extend its useful life of the Inland Empire Brine Line upstream of Prado Dam. Terms of the loan call for annual principal and interest payments of \$1,044,273 based on the net loan amount of \$16,850,337, at the rate of 2.60%, commenced on December 29, 2013, and will mature on December 29, 2032.

For the Year Ended June, 30,	Principal	Interest	Total
2019	\$ 710,565	\$ 333,708	\$ 1,044,273
2020	729,040	315,233	1,044,273
2021	747,994	296,279	1,044,273
2022	767,442	276,831	1,044,273
2023	787,396	256,877	1,044,273
2024-2028	4,254,920	966,447	5,221,366
2029-2033	4,837,581	383,786	5,221,367
Total	12,834,937	\$ 2,829,161	\$ 15,664,098
Less: Current Portion	(710,565)		
Total Noncurrent	<u>\$ 12,124,372</u>		

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**7) LONG-TERM DEBT - Continued**

**SWRCB Inland Empire Brine Line Reach V Loans - Loan 1**

On May 14, 2014, the Authority entered into a loan agreement to receive up to \$15,000,000 from the California State Water Resources Control Board to repair the existing brine disposal pipeline to extend the useful life of the Inland Empire Brine Line. Terms of the loan call for annual principal and interest payments of \$664,476 commencing on March 31, 2019, at the rate of 1.9%, and maturing March 31, 2048.

For the Year Ended June, 30,	Principal	Interest	Total
2019	\$ 377,792	\$ 286,684	\$ 664,476
2020	384,971	279,505	664,476
2021	392,286	272,190	664,476
2022	399,739	264,737	664,476
2023	407,334	257,142	664,476
2024-2028	2,155,744	1,166,638	3,322,382
2029-2033	2,368,468	953,911	3,322,379
2034-2038	2,602,190	720,192	3,322,382
2039-2043	2,858,972	463,410	3,322,382
2044-2048	3,052,504	181,289	3,233,793
Total	<u>15,000,000</u>	<u>\$ 4,845,698</u>	<u>\$19,845,698</u>
Less: Current Portion	<u>(377,792)</u>		
Total Noncurrent	<u>\$ 14,622,208</u>		

**8) UNEARNED REVENUE**

The changes in unearned revenue were as follows:

Balance 2017	Additions	Deletions	Balance 2018
\$ 75,719,287	\$ -	\$ (5,510,153)	\$ 70,209,134

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**9) NET POSITION**

Calculation of net position was as follows:

Net Investment in Capital Assets:	
Capital Assets - Not Being Depreciated	\$ 1,003,811
Depreciable Capital Assets, Net	115,988,540
SWRCB Brine Line Reach V Loans Payable	(4,014,926)
SRF Reach IVA & IVB Loan Payable	(12,834,937)
SWRCB Brine Line Reach V Loans Payable	(15,000,000)
SWRCB Brine Line Reach V Loans Receivable (Note 8)	84,011
Total Net Investment in Capital Assets	85,226,499
Restricted Net Position:	
SRF Reach IVA & IVB Reserve Requirement	1,050,000
Mitigation	1,910,560
Total Restricted	2,960,560
Unrestricted Net Position	(19,510,100)
Total Net Position	\$ 68,676,959

**10) JOINT VENTURES**

**Western Riverside County Regional Wastewater Authority (WRCRWA)**

The Authority was a member of WRCRWA, a Joint Powers Authority created on April 23, 1992, for the purpose of developing a regional wastewater treatment facility for the benefit of its members. On June 30, 2012, Addendum No. 7 to the Joint Exercise of Powers Agreement was entered into by all members of the Authority to execute the withdrawal of the Authority from WRCRWA.

The Authority is responsible for a certain portion of WRCRWA's long-term debt and will continue making annual debt service payments to the Joint Powers Authority for its share of the State Revolving Fund Loans from the State Water Resources Control Board. The recorded amount is reflected in the financial statements as long-term debt.

The financial statements of WRCRWA are available from Western Municipal Water District, 14205 Meridian Parkway, Riverside, California 92508.

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**10) JOINT VENTURES - Continued**

**Lake Elsinore & San Jacinto Watersheds Authority (LESJWA)**

The Authority is a member of LESJWA, a Joint Powers Authority created on March 8, 2000, for the purpose of implementing projects and programs to improve the two watersheds in order to preserve agricultural land, protect wildlife habitat, protect and enhance recreational resources, and improve lake water quality, for the benefit of the general public. Other members include the City of Canyon Lake, the City of Lake Elsinore, Elsinore Valley Municipal Water District, and the County of Riverside. Each member agency appoints one Director and one alternate to serve on the Board, with both also on the member’s agency’s board. Each member agency has agreed to make contributions for construction and operations, if necessary.

Upon dissolution of LESJWA, each member agency will receive its proportionate or otherwise defined share of the assets, and each member agency will contribute its proportionate or otherwise defined share of any enforceable liabilities incurred.

The Authority conducts the administrative function of LESJWA, which reimburses the Authority based on invoices for administrative services provided. During the year ended June 30, 2018, administrative services provided to LESJWA totaled \$188,687, which is included in operating revenue.

The financial statements for LESJWA are available from the Authority.

As of June 30, 2018, LESJWA had assets, liabilities and deferred inflows of resources and net position as follows:

	2018
Total Assets	\$ 582,573
Total Liabilities and Deferred Inflows of Resources	\$ 70,340
Net Position	\$ 512,233



**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**11) DEFINED BENEFIT PENSION PLANS**

**A. General Information about the Pension Plans**

***Plan Descriptions***

All qualified permanent and probationary employees are eligible to participate in the Authority's 2% at 55 (Classic) and 2% at 62 (PEPRA) Miscellaneous Employee Pension Plans, cost-sharing multiple-employer employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding provisions, assumptions and membership information that can be found on the CalPERS website.

***Benefits Provided***

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five (5) years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50 - 63	52 - 67
Monthly Benefits, as a % of Eligible Compensation	1.426% to 2.418%	1.0% to 2.5%
Required Employee Contribution Rates	7%	6.50%
Required Employer Contribution Rates:		
Normal Cost Rate	9.887%	7.045%
Payment of Unfunded Liability	\$ 135,256	\$ 174

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**11) DEFINED BENEFIT PENSION PLANS - Continued**

**A. General Information about the Pension Plans - Continued**

***Contributions***

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Authority contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2018, the Authority reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	2018
Miscellaneous	\$ 3,724,430

The Authority's net pension liability was measured as of June 30, 2017 and 2016, and the total pension liabilities used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. The Authority's proportionate share of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**11) DEFINED BENEFIT PENSION PLANS - Continued**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued**

The changes in the Authority's proportionate share of the collective net pension liabilities were as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2016 (measurement date)	0.035880%
Proportion - June 30, 2017 (measurement date)	0.037555%
Change - Increase (Decrease)	0.001675%

For the year ended June 30, 2018, the Authority recognized pension expense of \$654,489. At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 422,430	\$ -
Differences between expected and actual experience	5,640	(80,806)
Changes in assumptions	699,815	(53,362)
Change in employer's proportion	159,619	(36,751)
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(143,349)
Net differences between projected and actual earnings on plan investments	158,269	-
Total	\$ 1,445,773	\$ (314,268)

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**11) DEFINED BENEFIT PENSION PLANS - Continued**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued**

\$422,430 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Amount
2019	\$ 125,201
2020	424,187
2021	253,654
2022	(93,967)
2023	-
Thereafter	-

***Actuarial Assumptions***

For the measurement periods ended June 30, 2017, the total pension liabilities were determined by rolling forward the June 30, 2016 total pension liabilities determined in the June 30, 2016 actuarial accounting valuation. The June 30, 2017 total pension liabilities, was based on the following actuarial methods and assumptions:

Valuation Dates	June 30, 2016
Measurement Dates	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increase	Varies by Entry Age and Service
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

\* The mortality table used was developed based on CalPERS' special data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study report.

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**11) DEFINED BENEFIT PENSION PLANS - Continued**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued**

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

***Change of Assumptions***

In the 2018 fiscal year, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

***Discount Rate***

The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**11) DEFINED BENEFIT PENSION PLANS - Continued**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued**

***Discount Rate - Continued***

plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and then rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 <sup>(a)</sup>	Real Return Years 11+ <sup>(b)</sup>
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	100%		

<sup>(a)</sup> An expected inflation of 2.5% used for this period.

<sup>(b)</sup> An expected inflation of 3.0% used for this period.

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**11) DEFINED BENEFIT PENSION PLANS - Continued**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued**

***Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate***

The following presents the Authority's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plans, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	2018
1% Decrease	6.15%
Net Pension Liability	\$ 6,031,219
Current Discount Rate	7.15%
Net Pension Liability	\$ 3,724,430
1% Increase	8.15%
Net Pension Liability	\$ 1,813,906

***Pension Plans Fiduciary Net Position***

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**C. Payable to the Pension Plans**

At June 30, 2018, the Authority had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2018.

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**12) OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Plan Description and Benefits Offered**

The Authority defined benefit post-employment healthcare plan, SAWPA Post Employment Healthcare Plan (SPHP), provides medical benefits to eligible retired Authority employees and spouses. The Authority's employees hired prior to July 1, 2005, who retire at age 58 or older with a minimum of ten years of service with the Authority are eligible for lifetime medical benefits. Benefits are also provided to spouses. Employees hired on or after July 1, 2005, are not eligible to receive employer subsidized post-employment medical benefits. The Authority contributes the entire premium cost up to a predetermined cap. The cap is defined as the Kaiser Family premium rate. The 2018 monthly cap per retiree is \$1,701. SHPHP is part the Public Agency portion of the California Employers' Retiree Trust Fund (CERBT), an agent multiple-employer plan administered by California Public Employees' Retirement System.

**Plan Description and Benefits Offered**

CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. SPHP selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through Authority resolution. CalPERS issues a Comprehensive Annual Financial Report (CAFR). The CAFR is issued in aggregate and includes the sum of all CalPERS plans. Copies of the CalPERS CAFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

**Funding Policy**

The contribution requirements of plan members and the Authority are established and may be amended by the Commission. The Authority contributes the entire premium cost up to a predetermined cap. The 2018 calendar cap is \$1,701 per month. Employees hired on or after July 1, 2005, are not eligible to receive employer subsidized postemployment medical benefits.



**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**12) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued**

***Employees Covered***

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	9
Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to, but not yet receiving benefits	-
<b>Total</b>	<b>14</b>

***Contributions***

The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2018, the Authority’s cash contributions were \$65,813 in payments to the trust.

***Net OPEB Liability***

The Authority’s net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

**Actuarial Assumptions**

Discount Rate	6.73%
Inflation	2.25%
Salary Increases	3.25% plus merit
Investment Rate of Return	6.73%
Mortality Rate <sup>(1)</sup>	Derived using CalPERS Membership Data for all funds
Pre-Retirement Turnover <sup>(2)</sup>	Derived using CalPERS Membership Data for all funds
Healthcare Trend Rate	5.00% Medicare and 7.75% Non-Medicare

Notes:

<sup>(1)</sup>Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

<sup>(2)</sup>The pre-retirement turnover information was developed based on CalPERS specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**12) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued**

***Net OPEB Liability - Continued***

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan’s target asset are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Equity	43.0%	5.43%
Fixed Income	49.0%	1.63%
REITs	8.0%	5.06%
<b>Total</b>	<b>100%</b>	

***Discount Rate***

The discount rate used to measure the total OPEB liability was 6.73 percent. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projects benefit payments to determine the total OPEB liability.

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**12) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued**

***Changes in the OPEB Liability***

The changes in the net OPEB liability for the Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
<b>Balance at June 30, 2017</b> <i>(Valuation Date June 30, 2017)</i>	\$ 1,610,557	\$ 1,067,945	\$ 542,612
<b>Changes Recognized for the Measurement Period:</b>			
Service Cost	26,828	-	26,828
Interest	108,355	-	108,355
Differences between expected and actual experience	22,281	-	22,281
Changes of Assumptions	103,114	-	103,114
Contribution - Employer	-	121,424	(121,424)
Net Investment Income	-	79,164	(79,164)
Benefit Payments	(55,611)	(55,611)	-
Administrative Expense	-	(572)	572
<b>Net Changes</b>	<b>204,967</b>	<b>144,405</b>	<b>60,562</b>
<b>Balance at June 30, 2018</b> <i>(Measurement Date June 30, 2017)</i>	<b>\$ 1,815,524</b>	<b>\$ 1,212,350</b>	<b>\$ 603,174</b>

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the Authority if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	1% Decrease (5.73%)	Current Discount Rate (6.73%)	1% Increase (7.73%)
Net OPEB Liability	\$ 408,601	\$ 603,174	\$ 835,349

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**12) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued**

***Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates***

The following presents the net OPEB liability of the Authority if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	1% Decrease (4.00%)	Current Healthcare Cost Trend Rates (5.00%)	1% Increase (6.00%)
Net OPEB Liability	\$ 856,636	\$ 603,174	\$ 393,758

***OPEB Plan Fiduciary Net Position***

CERBT issues a publicly available financial report that may be obtained from the California Public Employees Retirement System Executive Office, 400 P Street, Sacramento, California 95814.

***Recognition of Deferred Outflows and Deferred Inflows of Resources***

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL)

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**12) OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued**

***OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB***

For the fiscal year ended June 30, 2018, the Authority recognized OPEB expense of \$20,380. As of fiscal year ended June 30, 2018, the Authority reported deferred outflows of resources related to OPEB from the following services:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 72,317	\$ -
Changes in assumptions	85,354	-
Differences between expected and actual experience in the measurement of the total OPEB liability	18,443	-
Net differences between projected and actual earnings on OPEB plan investments	-	(4,106)
	\$ 176,114	\$ (4,106)
Total	\$ 176,114	\$ (4,106)

The \$72,317 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ended June 30,	Deferred Outflow/(Inflows) of Resources
2019	\$ 20,572
2020	20,572
2021	20,571
2022	20,571
2023	17,405
Thereafter	-

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**13) RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases commercial insurance policies from independent third parties. Settled claims have been immaterial and have not exceeded insurance coverage for the past three years.

On February 22, 1986, the Authority became self-insured with respect to its comprehensive liability coverage for toxic waste handling as allowed under California Government Code, Section 990. Coverage includes occurrences and incidents resulting in liability to the Authority, its Commissioners, officers, employees and agents. There are no outstanding claims pending.

**14) COMMITMENTS AND CONTINGENCIES**

**Grant Awards**

Grant funds received by the Authority are subject to audit by the grantor agencies. Such audits could require reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the Authority believes that such disallowance, if any, would not be significant.

**Litigation**

In the ordinary course of operations, the Authority is subject to claims and litigation from outside parties. After consultation with legal counsel, the Authority believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

**Other Commitments and Contingencies**

The Authority is contractually obligated to pay a pro rata share of capital costs associated with the maintenance of the Santa Ana Regional Interceptor (SARI) Pipeline owned by OCSD. Within the SARI pipeline, the Authority's portion is referred to as the Inland Empire Brine Line. The percentage varies with each Reach of the SARI.

In addition, there is a capital project estimated at \$3 million for which the Authority could potentially be responsible for 76 percent of the related costs.

**Santa Ana Watershed Project Authority**  
**Notes to Financial Statements**  
June 30, 2018

**15) PRIOR PERIOD ADJUSTMENT**

The prior period adjustment of \$927,423 relates to the implementation of GASB Statement 75 for postemployment benefits other than pensions. According to GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which was implemented by the Authority in the 2018 fiscal year, recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to OPEB plan.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Santa Ana Watershed Project Authority**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**Last Ten Years\***  
**As of June 30, 2018**

Fiscal Year	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Position Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.03487%	\$ 2,169,716	\$ 2,294,398	94.57%	79.82%
2016	0.03274%	\$ 2,247,501	\$ 2,560,510	87.78%	78.40%
2017	0.03588%	\$ 3,104,742	\$ 2,795,885	111.05%	74.06%
2018	0.037555%	\$ 3,724,430	\$ 3,098,371	120.21%	73.31%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2018:

There were no changes in assumptions.

\* Fiscal year 2015 was the 1<sup>st</sup> year of implementation, therefore only four years are shown.

**Santa Ana Watershed Project Authority**  
**Schedule of Contributions - Pension**  
**Last Ten Years\***  
**As of June 30, 2018**

Fiscal Year	Contractually Required Contribution (Actuarially Determined)	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 273,547	\$ (273,547)	\$ -	\$ 2,560,510	10.68%
2016	\$ 339,020	\$ (339,020)	\$ -	\$ 2,795,885	12.13%
2017	\$ 388,896	\$ (388,896)	\$ -	\$ 3,098,371	12.55%
2018	\$ 422,430	\$ (422,430)	\$ -	\$ 3,065,932	13.78%

**Notes to Schedule:**

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age**
Amortization Method	Level Percent of Payroll, Closed**
Asset Valuation Method	Market Value***
Inflation	2.75%**
Salary Increases	Depending on Age, Service, and Type of Employment**
Investment Rate of Return	7.50%, Net of Pension Plan Investment, Including Inflation**
Retirement Age	50 for All Plans with the Exception of 52 for Miscellaneous PEPRA 2% at 62**
Mortality	Mortality Assumptions are Based on Mortality Rates Resulting from the Most Recent CalPERS Experience Study Adopted by the CalPERS Board**

\* Fiscal year 2015 was the 1<sup>st</sup> year of implementation, therefore only four years are shown.

\*\* The valuation for June 30, 2012 and 2013 (applicable to fiscal years ended July 30, 2015 and 2016, respectively) included the same actuarial assumptions.

\*\*\* The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15-year Smoothed Market Method. The market value asset valuation method was utilized for the June 30, 2013 and 2014 valuations (applicable to fiscal years ended June 30, 2016 and 2017, respectively).

**Santa Ana Watershed Project Authority**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios for**  
**Measurement Periods Ended June 30,**

<b>Measurement Period</b>	<b>2017</b>
<b>Total OPEB Liability</b>	
Service Cost	\$ 26,828
Interest on the Total OPEB Liability	108,355
Differences between Expected and Actual Experience	22,281
Changes in Assumptions	103,114
Changes in Benefit Terms	-
Benefit Payments	(55,611)
	<b>204,967</b>
<b>Net Change in Total OPEB Liability</b>	<b>204,967</b>
<b>Total OPEB Liability - Beginning</b>	<b>1,610,557</b>
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ 1,815,524</b>
 <b>Plan Fiduciary Net Position</b>	
Contribution - Employer	\$ 121,424
Net Investment Income	79,164
Benefit Payments	(55,611)
Administrative Expense	(572)
	<b>144,405</b>
<b>Net Change in Plan Fiduciary Net Position</b>	<b>144,405</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>1,067,945</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 1,212,350</b>
 <b>Net OPEB Liability - Ending (a)-(b)</b>	 <b>\$ 603,174</b>
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	 66.78%
Covered-employee Payroll	1,156,128
Net OPEB Liability as a Percentage of Covered-employee Payroll	52.17%

**Notes to Schedule:**

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

**Santa Ana Watershed Project Authority  
Schedule of Contributions - OPEB  
Last Ten Fiscal Years'**

Fiscal Year Ended June 30,	<b>2018</b>
Actuarially Determined Contribution (ADC)	\$ 65,813
Contributions in Relation to the ADC	(72,317)
Contribution Deficiency (Excess)	\$ (6,504)
Covered-Employee Payroll	1,227,878
Contributions as a percentage of covered-employee payroll	5.89%

**Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018 were from the June 30, 2017 actuarial valuation.

**Methods and assumptions used to determine contributions:**

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of payroll over a closed rolling 15-year period
Asset Valuation Method	Market value
Inflation	2.25%
Payroll Growth	3.25% plus merit
Investment Rate of Return	6.73% per annum
Healthcare Cost-trend Rates	5.00% Medicare and 7.75% Non-Medicare
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	Pre-retirement mortality probability based on 2014 CalPERS 1997-2011 Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007-2011 covering participants in CalPERS.

Historical information is required only for measurement periods for which GASB 75 is applicable.

Future years' information will be displayed up to 10 years as information become available.

## **SUPPLEMENTARY SCHEDULES**

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**Santa Ana Watershed Project Authority**  
**Combining Schedule of Net Position**  
**Enterprise Funds**  
June 30, 2018

	<u>Capital Projects Activities</u>	<u>Internal Administration</u>	<u>Enterprise Activities</u>	<u>Totals</u>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 1,292,452	\$ 3,669,997	\$ 23,323,810	\$ 28,286,259
Cash and Cash Equivalents - Restricted	949,002	-	-	949,002
Investments	-	-	17,380,431	17,380,431
Interest Receivable	11,856	18,323	145,246	175,425
Accounts Receivable	-	47,450	6,712,520	6,759,970
Accounts Receivable - Grants	714,048	295,191	3,114,602	4,123,841
Accounts Receivable - Other	160,236	-	-	160,236
Notes Receivable - Current Portion	-	-	84,011	84,011
Prepaid Items and Other Assets	-	107,544	144,487	252,031
Mitigation Credits	1,910,560	-	-	1,910,560
Due from Other Funds	-	90,462	-	90,462
	<u>5,038,154</u>	<u>4,228,967</u>	<u>50,905,107</u>	<u>60,172,228</u>
Total Current Assets				
Non-current Assets:				
Capital Assets:				
Not Being Depreciated	238,337	445,466	320,008	1,003,811
Being Depreciated, Net of Accumulated Depreciation and Amortization	-	730,618	115,257,922	115,988,540
	<u>238,337</u>	<u>1,176,084</u>	<u>115,577,930</u>	<u>116,992,351</u>
Total Non-current Assets				
	<u>5,276,491</u>	<u>5,405,051</u>	<u>166,483,037</u>	<u>177,164,579</u>
Total Assets				
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Amounts from Pension Plans	-	1,445,773	-	1,445,773
Deferred Amounts from OPEB Plan	-	176,114	-	176,114
	<u>-</u>	<u>1,621,887</u>	<u>-</u>	<u>1,621,887</u>
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 1,621,887</u>	<u>\$ -</u>	<u>\$ 1,621,887</u>

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Net Position - Continued**  
**Enterprise Funds**  
June 30, 2018

	<u>Capital Projects Activities</u>	<u>Internal Administration</u>	<u>Enterprise Activities</u>	<u>Totals</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 1,085,460	\$ 105,900	\$ 939,998	\$ 2,131,358
Accrued Salaries and Wages	-	137,407	-	137,407
Accrued Interest Payable	57	-	442,339	442,396
Deposits	-	10,000	-	10,000
Due to Other Funds	90,462	-	-	90,462
Long-term Liabilities - Due Within One Year:				
Compensated Absences	-	180,887	-	180,887
Loans Payable	-	-	2,107,050	2,107,050
<b>Total Current Liabilities</b>	<b>1,175,979</b>	<b>434,194</b>	<b>3,489,387</b>	<b>5,099,560</b>
Noncurrent Liabilities:				
Unearned Revenue	-	-	70,209,134	70,209,134
Long-term Liabilities - Due in More Than One Year:				
Compensated Absences	-	412,022	-	412,022
Loans Payable	-	-	29,742,813	29,742,813
Net Pension Liability	-	3,724,430	-	3,724,430
Net OPEB Liability	-	603,174	-	603,174
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>4,739,626</b>	<b>99,951,947</b>	<b>104,691,573</b>
<b>Total Liabilities</b>	<b>1,175,979</b>	<b>5,173,820</b>	<b>103,441,334</b>	<b>109,791,133</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Amount from Pension Plans	-	314,268	-	314,268
Deferred Amount from OPEB Plan	-	4,106	-	4,106
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>318,374</b>	<b>-</b>	<b>318,374</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	238,337	1,176,084	83,812,078	85,226,499
Restricted for:				
SRF Reach IVA & IVB Reserve Requirement	-	-	1,050,000	1,050,000
Mitigation	1,910,560	-	-	1,910,560
Unrestricted	1,951,615	358,660	(21,820,375)	(19,510,100)
<b>Total Net Position</b>	<b>\$ 4,100,512</b>	<b>\$ 1,534,744</b>	<b>\$ 63,041,703</b>	<b>\$ 68,676,959</b>

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
**Enterprise Funds**  
For the Year Ended June 30, 2018

	<u>Capital Projects Activities</u>	<u>Internal Administration</u>	<u>Enterprise Activities</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>				
Wastewater Treatment and Disposal	\$ -	\$ -	\$ 10,935,848	\$ 10,935,848
Wastewater Treatment and Disposal - Capacity Rights	-	-	2,510,154	2,510,154
Other	215,532	3,966	-	219,498
	<u>215,532</u>	<u>3,966</u>	<u>13,446,002</u>	<u>13,665,500</u>
Total Operating Revenues	215,532	3,966	13,446,002	13,665,500
<b>OPERATING EXPENSES</b>				
Wastewater Treatment and Disposal	-	-	5,841,074	5,841,074
General and Administrative and Overhead	-	1,429,043	-	1,429,043
Studies and Planning Costs	7,186,572	-	-	7,186,572
	<u>7,186,572</u>	<u>1,429,043</u>	<u>5,841,074</u>	<u>14,456,689</u>
Total Operating Expenses	7,186,572	1,429,043	5,841,074	14,456,689
Operating Income (Loss) Before Depreciation and Amortization	(6,971,040)	(1,425,077)	7,604,928	(791,189)
Depreciation	-	(62,780)	(3,292,352)	(3,355,132)
Amortization	-	-	(1,400,918)	(1,400,918)
	<u>(6,971,040)</u>	<u>(1,487,857)</u>	<u>2,911,658</u>	<u>(5,547,239)</u>
Operating Income (Loss)	(6,971,040)	(1,487,857)	2,911,658	(5,547,239)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Member Contributions	1,203,600	646,115	453,610	2,303,325
Intergovernmental	2,337,984	460,886	614,538	3,413,408
Investment Earnings	41,636	58,674	226,177	326,487
Interest Expense	-	-	(487,975)	(487,975)
Grant Program Expenses	-	-	(791,862)	(791,862)
	<u>3,583,220</u>	<u>1,165,675</u>	<u>14,488</u>	<u>4,763,383</u>
Total Nonoperating Revenues (Expenses)	3,583,220	1,165,675	14,488	4,763,383
Income (Loss) Before Transfers	(3,387,820)	(322,182)	2,926,146	(783,856)
<b>TRANSFERS</b>	<u>(10,285,755)</u>	<u>-</u>	<u>10,285,755</u>	<u>-</u>
Changes in Net Position	(13,673,575)	(322,182)	13,211,901	(783,856)
Net Position - Beginning of Year, As Previously Reported	17,774,087	2,784,349	49,829,802	70,388,238
Prior Period Adjustment	-	(927,423)	-	(927,423)
Net Position - Beginning of Year, As Restated	<u>17,774,087</u>	<u>1,856,926</u>	<u>49,829,802</u>	<u>69,460,815</u>
Net Position - End of Year	<u>\$ 4,100,512</u>	<u>\$ 1,534,744</u>	<u>\$ 63,041,703</u>	<u>\$ 68,676,959</u>

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Net Position**  
**Capital Projects Activities**  
June 30, 2018

	Brine Line Protection Project	Basin Planning	Imported Water Recharge Workgroup
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ 141,824	\$ -
Cash and Cash Equivalents - Restricted	-	-	-
Interest Receivable	-	843	3
Accounts Receivable - Grants	-	-	-
Accounts Receivable - Other	-	-	-
Mitigation Credits	-	-	-
Total Current Assets	<u>-</u>	<u>142,667</u>	<u>3</u>
Noncurrent Assets:			
Capital Assets:			
Not Being Depreciated	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>-</u>	<u>142,667</u>	<u>3</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	50,663	1,581	-
Accrued Interest Payable	-	-	-
Due to Other Funds	<u>-</u>	<u>-</u>	<u>724</u>
Total Liabilities	<u>50,663</u>	<u>1,581</u>	<u>724</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	-	-	-
Restricted for Mitigation	-	-	-
Unrestricted	<u>(50,663)</u>	<u>141,086</u>	<u>(721)</u>
Total Net Position	<u>\$ (50,663)</u>	<u>\$ 141,086</u>	<u>\$ (721)</u>

<u>Watershed Management Plan</u>	<u>Basin Monitoring Prg. Task Force</u>	<u>Santa Ana River Fish Conservation</u>	<u>MSAR TMDL Task Force</u>	<u>RWQ Monitoring Task Force</u>	<u>Arundo Mgmt. &amp; Habitat Restoration</u>
\$ -	\$ 234,053	\$ 164,610	\$ 79,246	\$ 180,425	\$ -
-	-	-	-	-	949,002
410	1,013	825	548	954	4,363
-	-	-	-	-	-
121,726	26,273	-	-	-	-
-	-	-	-	-	1,910,560
<u>122,136</u>	<u>261,339</u>	<u>165,435</u>	<u>79,794</u>	<u>181,379</u>	<u>2,863,925</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>122,136</u>	<u>261,339</u>	<u>165,435</u>	<u>79,794</u>	<u>181,379</u>	<u>2,863,925</u>
11,481	13,539	1,728	4,450	40,846	1,466
-	-	-	-	-	-
7,784	-	-	-	-	-
<u>19,265</u>	<u>13,539</u>	<u>1,728</u>	<u>4,450</u>	<u>40,846</u>	<u>1,466</u>
-	-	-	-	-	-
-	-	-	-	-	1,910,560
102,871	247,800	163,707	75,344	140,533	951,899
<u>\$ 102,871</u>	<u>\$ 247,800</u>	<u>\$ 163,707</u>	<u>\$ 75,344</u>	<u>\$ 140,533</u>	<u>\$ 2,862,459</u>

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Net Position - Continued**  
**Capital Projects Activities**  
June 30, 2018

	Water Energy DAC Grant	Emerging Constituents Task Force	Lake Elsinore Management
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 403,285	\$ 89,009	\$ -
Cash and Cash Equivalents - Restricted	-	-	-
Interest Receivable	2,471	426	-
Accounts Receivable - Grants	394,936	-	-
Accounts Receivable - Other	-	-	12,237
Mitigation Credits	-	-	-
	<u>800,692</u>	<u>89,435</u>	<u>12,237</u>
Total Current Assets			
Noncurrent Assets:			
Capital Assets:			
Not Being Depreciated	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets			
	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets			
	<u>800,692</u>	<u>89,435</u>	<u>12,237</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	509,317	2,948	4
Accrued Interest Payable	-	-	57
Due to Other Funds	-	-	10,814
	<u>509,317</u>	<u>2,948</u>	<u>10,875</u>
Total Current Liabilities			
	<u>509,317</u>	<u>2,948</u>	<u>10,875</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	-	-	-
Restricted for Mitigation	-	-	-
Unrestricted	291,375	86,487	1,362
	<u>291,375</u>	<u>86,487</u>	<u>1,362</u>
Total Net Position			
	<u>\$ 291,375</u>	<u>\$ 86,487</u>	<u>\$ 1,362</u>

<u>Reach V Capital Projects</u>	<u>Reach IV-D Corrosion Repair</u>	<u>Prop 1 DACI Grant</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 1,292,452
-	-	-	949,002
-	-	-	11,856
-	-	319,112	714,048
-	-	-	160,236
-	-	-	1,910,560
-	-	319,112	5,038,154
-	238,337	-	238,337
-	238,337	-	238,337
-	238,337	319,112	5,276,491
62,471	137,003	247,963	1,085,460
-	-	-	57
-	-	71,140	90,462
62,471	137,003	319,103	1,175,979
-	238,337	-	238,337
-	-	-	1,910,560
(62,471)	(137,003)	9	1,951,615
<u>\$ (62,471)</u>	<u>\$ 101,334</u>	<u>\$ 9</u>	<u>\$ 4,100,512</u>

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
**Capital Projects Activities**  
For the Year Ended June 30, 2018

	Brine Line Protection Project	Basin Planning	Imported Water Recharge Workgroup
<b>OPERATING REVENUES</b>			
Other	\$ -	\$ -	\$ -
Total Operating Revenues	-	-	-
<b>OPERATING EXPENSES</b>			
Studies and Planning Costs	304,534	316,404	12,486
Total Operating Expenses	304,534	316,404	12,486
Operating Loss	(304,534)	(316,404)	(12,486)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Member Contributions	-	376,000	-
Intergovernmental	-	-	-
Investment Earnings	-	3,206	82
Total Nonoperating Revenues (Expenses)	-	379,206	82
Income (Loss) Before Transfers	(304,534)	62,802	(12,404)
<b>TRANSFERS</b>	264,336	-	-
Changes in Net Position	(40,198)	62,802	(12,404)
Net Position - Beginning of Year	(10,465)	78,284	11,683
Net Position - End of Year	<u>\$ (50,663)</u>	<u>\$ 141,086</u>	<u>\$ (721)</u>



<u>Watershed Management Plan</u>	<u>Basin Monitoring Prg. Task Force</u>	<u>Santa Ana River Fish Conservation</u>	<u>MSAR TMDL Task Force</u>	<u>RWQ Monitoring Task Force</u>	<u>Arundo Mgmt. &amp; Habitat Restoration</u>
\$ 13,692	\$ -	\$ 15	\$ -	\$ -	\$ -
13,692	-	15	-	-	-
470,144	386,097	90,778	180,837	258,514	21,553
470,144	386,097	90,778	180,837	258,514	21,553
(456,452)	(386,097)	(90,763)	(180,837)	(258,514)	(21,553)
400,000	-	10,000	-	-	-
121,725	362,866	19,000	200,754	212,795	-
2,599	3,346	2,714	2,135	3,210	12,857
524,324	366,212	31,714	202,889	216,005	12,857
67,872	(19,885)	(59,049)	22,052	(42,509)	(8,696)
-	-	-	(144,252)	144,252	-
67,872	(19,885)	(59,049)	(122,200)	101,743	(8,696)
34,999	267,685	222,756	197,544	38,790	2,871,155
<u>\$ 102,871</u>	<u>\$ 247,800</u>	<u>\$ 163,707</u>	<u>\$ 75,344</u>	<u>\$ 140,533</u>	<u>\$ 2,862,459</u>

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Net Position - Continued**  
**Capital Projects Activities**  
For the Year Ended June 30, 2018

	<u>Water Energy DAC Grant</u>	<u>Emerging Constituents Task Force</u>	<u>Lake Elsinore Management</u>
<b>OPERATING REVENUES</b>			
Other	\$ -	\$ -	\$ 188,687
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>188,687</u>
<b>OPERATING EXPENSES</b>			
Studies and Planning Costs	<u>1,689,593</u>	<u>41,303</u>	<u>198,687</u>
Total Operating Expenses	<u>1,689,593</u>	<u>41,303</u>	<u>198,687</u>
Operating Loss	<u>(1,689,593)</u>	<u>(41,303)</u>	<u>(10,000)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Member Contributions	407,600	-	10,000
Intergovernmental	862,253	40,000	-
Investment Earnings	<u>10,208</u>	<u>1,279</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>1,280,061</u>	<u>41,279</u>	<u>10,000</u>
Income (Loss) Before Transfers	(409,532)	(24)	-
<b>TRANSFERS</b>			
Changes in Net Position	<u>(409,532)</u>	<u>(24)</u>	<u>-</u>
Net Position - Beginning of Year	<u>700,907</u>	<u>86,511</u>	<u>1,362</u>
Net Position - End of Year	<u><u>\$ 291,375</u></u>	<u><u>\$ 86,487</u></u>	<u><u>\$ 1,362</u></u>

<u>Reach V Capital Projects</u>	<u>Reach IV-D Corrosion Repair</u>	<u>Prop 1 DACI Grant</u>	<u>Totals</u>
\$ 13,138	\$ -	\$ -	\$ 215,532
<u>13,138</u>	<u>-</u>	<u>-</u>	<u>215,532</u>
<u>2,703,787</u>	<u>-</u>	<u>511,855</u>	<u>7,186,572</u>
<u>2,703,787</u>	<u>-</u>	<u>511,855</u>	<u>7,186,572</u>
<u>(2,690,649)</u>	<u>-</u>	<u>(511,855)</u>	<u>(6,971,040)</u>
-	-	-	1,203,600
-	-	518,591	2,337,984
-	-	-	41,636
<u>-</u>	<u>-</u>	<u>518,591</u>	<u>3,583,220</u>
(2,690,649)	-	6,736	(3,387,820)
<u>(10,651,425)</u>	<u>101,334</u>	<u>-</u>	<u>(10,285,755)</u>
(13,342,074)	101,334	6,736	(13,673,575)
<u>13,279,603</u>	<u>-</u>	<u>(6,727)</u>	<u>17,774,087</u>
<u>\$ (62,471)</u>	<u>\$ 101,334</u>	<u>\$ 9</u>	<u>\$ 4,100,512</u>

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Net Position**  
**Enterprise Activities**  
June 30, 2018

	Prop 84 Drought & Final Round	Brine Line Enterprise	Totals
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 190,407	\$ 23,133,403	\$ 23,323,810
Investments	-	17,380,431	17,380,431
Interest Receivable	-	145,246	145,246
Accounts Receivable	-	6,712,520	6,712,520
Accounts Receivable - Grants	489,581	2,625,021	3,114,602
Notes Receivable - Current Portion	-	84,011	84,011
Prepaid Items and Other Assets	-	144,487	144,487
Total Current Assets	<u>679,988</u>	<u>50,225,119</u>	<u>50,905,107</u>
Noncurrent Assets:			
Capital Assets:			
Not Being Depreciated	-	320,008	320,008
Being Depreciated, Net of Accumulated Depreciation and Amortization	-	115,257,922	115,257,922
Total Noncurrent Assets	<u>-</u>	<u>115,577,930</u>	<u>115,577,930</u>
Total Assets	<u>679,988</u>	<u>165,803,049</u>	<u>166,483,037</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	261,335	678,663	939,998
Accrued Interest Payable	-	442,339	442,339
Long-term Liabilities - Due Within One Year:			
Loans Payable	-	2,107,050	2,107,050
Total Current Liabilities	<u>261,335</u>	<u>3,228,052</u>	<u>3,489,387</u>
Noncurrent Liabilities:			
Unearned Revenue	-	70,209,134	70,209,134
Long-term Liabilities - Due in More Than One Year:			
Loans Payable	-	29,742,813	29,742,813
Total Noncurrent Liabilities	<u>-</u>	<u>99,951,947</u>	<u>99,951,947</u>
Total Liabilities	<u>261,335</u>	<u>103,179,999</u>	<u>103,441,334</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	-	83,812,078	83,812,078
Restricted for:			
SRF Reach IVA & IVB Reserve Requirement	-	1,050,000	1,050,000
Unrestricted	418,653	(22,239,028)	(21,820,375)
Total Net Position	<u>\$ 418,653</u>	<u>\$ 62,623,050</u>	<u>\$ 63,041,703</u>

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
**Enterprise Activities**  
For the Year Ended June 30, 2018

	Prop 84 Drought & Final Round	Brine Line Enterprise	Totals
<b>OPERATING REVENUES</b>			
Wastewater Treatment and Disposal	\$ -	\$ 10,935,848	\$ 10,935,848
Wastewater Treatment and Disposal - Capacity Rights	-	2,510,154	2,510,154
Total Operating Revenues	-	13,446,002	13,446,002
<b>OPERATING EXPENSES</b>			
Wastewater Treatment and Disposal	-	5,841,074	5,841,074
Total Operating Expenses	-	5,841,074	5,841,074
Operating Income (Loss) Before Depreciation and Amortization	-	7,604,928	7,604,928
Depreciation	-	(3,292,352)	(3,292,352)
Amortization	-	(1,400,918)	(1,400,918)
Operating Income (Loss)	-	2,911,658	2,911,658
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Member Contributions	453,610	-	453,610
Intergovernmental	614,538	-	614,538
Investment Earnings	-	226,177	226,177
Investment Expense	-	(487,975)	(487,975)
Grant Program Expenses	(791,862)	-	(791,862)
Total Nonoperating Revenues (Expenses)	276,286	(261,798)	14,488
Income Before Transfers	276,286	2,649,860	2,926,146
<b>TRANSFERS</b>	-	10,285,755	10,285,755
Changes in Net Position	276,286	12,935,615	13,211,901
Net Position - Beginning of Year	142,367	49,687,435	49,829,802
Net Position - End of Year	<u>\$ 418,653</u>	<u>\$ 62,623,050</u>	<u>\$ 63,041,703</u>

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Fiduciary Assets and Liabilities**  
**Agency Funds**  
June 30, 2018

	<u>Legal Defense Fund</u>	<u>Integrated Regional Management Program Prop 84 Capital Projects</u>	<u>Totals</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Investments	\$ 451,276	\$ 14,649	\$ 465,925
Accounts Receivable - Grants	-	3,405,211	3,405,211
	<u>451,276</u>	<u>3,419,860</u>	<u>3,871,136</u>
Total Assets	<u>\$ 451,276</u>	<u>\$ 3,419,860</u>	<u>\$ 3,871,136</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ -	\$ 3,419,860	\$ 3,419,860
	<u>-</u>	<u>3,419,860</u>	<u>3,419,860</u>
Total Current Liabilities	<u>-</u>	<u>3,419,860</u>	<u>3,419,860</u>
Noncurrent Liabilities:			
Deposits - Legal Defense	451,276	-	451,276
	<u>451,276</u>	<u>-</u>	<u>451,276</u>
Total Noncurrent Liabilities	<u>451,276</u>	<u>-</u>	<u>451,276</u>
Total Liabilities	<u>\$ 451,276</u>	<u>\$ 3,419,860</u>	<u>\$ 3,871,136</u>

**Santa Ana Watershed Project Authority**  
**Combining Schedule of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<b>LEGAL DEFENSE FUND</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 447,960	\$ 3,316	\$ -	\$ 451,276
Total Assets	<u>\$ 447,960</u>	<u>\$ 3,316</u>	<u>\$ -</u>	<u>\$ 451,276</u>
Noncurrent Assets:				
Deposits - Legal Defense	\$ 447,960	\$ 3,316	\$ -	\$ 451,276
Total Liabilities	<u>\$ 447,960</u>	<u>\$ 3,316</u>	<u>\$ -</u>	<u>\$ 451,276</u>
<b>INTEGRATED REGIONAL WATER MANAGEMENT PROGRAM - PROP 84 CAPITAL PROJECTS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 27,013	\$ 6,905,847	\$ 6,918,211	\$ 14,649
Account Receivable - Grants	3,670,901	7,038,293	7,303,983	3,405,211
Total Assets	<u>\$ 3,697,914</u>	<u>\$ 13,944,140</u>	<u>\$ 14,222,194</u>	<u>\$ 3,419,860</u>
Current Liabilities:				
Accounts Payable	<u>\$ 3,697,914</u>	<u>\$ 6,419,716</u>	<u>\$ 6,697,770</u>	<u>\$ 3,419,860</u>
<b>TOTAL AGENCY FUNDS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 474,973	\$ 6,909,163	\$ 6,918,211	\$ 465,925
Accounts Receivable - Grants	3,670,901	7,038,293	7,303,983	3,405,211
Total Assets	<u>\$ 4,145,874</u>	<u>\$ 13,947,456</u>	<u>\$ 14,222,194</u>	<u>\$ 3,871,136</u>
Current Liabilities:				
Accounts Payable	\$ 3,697,914	\$ 6,419,716	\$ 6,697,770	\$ 3,419,860
Noncurrent Liabilities:				
Deposits - Legal Defense	447,960	3,316	-	451,276
Total Liabilities	<u>\$ 4,145,874</u>	<u>\$ 6,423,032</u>	<u>\$ 6,697,770</u>	<u>\$ 3,871,136</u>

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# Statistical Section

## Statistical Section

This part of the Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

### Contents

#### Financial Trends

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

#### Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Authority's ability to generate revenues.

#### Debt Capacity

These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

#### Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place and to help make comparisons over time and with other agencies.

#### Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the service the Authority provides.

**Table I – Net Position by Component  
Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Net Investment in Capital Assets</b>	\$85,226,499	\$90,622,870	\$84,798,833	\$82,709,425	\$80,456,568	\$81,274,020	\$80,560,654	\$81,597,589	\$81,698,370	\$81,573,415
<b>Restricted</b>	2,960,560	3,921,155	3,923,403	3,969,074	4,167,861	4,232,102	4,263,626	3,347,218	3,597,747	3,893,268
<b>Unrestricted</b>	(19,510,100)	(24,155,787)	(21,554,491)	(21,643,941)	(20,734,190)	(17,845,678)	(17,765,116)	(19,325,941)	(19,535,270)	(22,350,886)
<b>Total Net Position</b>	\$68,676,959	\$70,388,238	\$67,167,745	\$65,034,558	\$63,890,239	\$67,660,444	\$67,059,164	\$65,618,866	\$65,760,847	\$63,115,797

*Source: Santa Ana Watershed Project Authority*

**Table II – Changes in Net Position  
Last Ten Fiscal Years**

Fiscal Year	Operating Revenue (1)	Operating Expense (2)	Operating Income/(Loss)	Total Non Operating Revenue/ (Expense)	Income/(Loss) Before Capital Contributions	Special Items (3)	Change in Net Position
2018	\$13,665,500	\$19,212,739	(\$5,547,239)	\$4,763,383	(\$783,856)	(\$927,423)	(\$1,711,279)
2017	13,997,461	14,881,490	(884,029)	4,104,522	3,220,493	0	3,220,493
2016	12,049,027	12,762,714	(713,687)	2,846,874	2,133,187	0	2,133,187
2015	11,731,196	13,057,424	(1,326,228)	2,470,547	1,144,319	0	1,144,319
2014	11,243,430	14,527,075	(3,283,645)	2,219,169	(1,064,476)	(2,705,729)	(3,770,205)
2013	11,900,861	14,312,673	(2,411,812)	3,013,092	601,280	0	601,280
2012	12,739,489	14,859,529	(2,120,040)	3,394,668	1,274,628	0	1,274,628
2011	13,743,782	16,662,206	(2,918,424)	2,776,443	(141,981)	0	(141,981)
2010	15,189,120	16,709,227	(1,520,107)	5,119,045	3,598,938	0	3,598,938
2009	12,420,640	15,011,847	(2,591,207)	6,317,202	3,725,995	0	3,725,995

(1) See Table III for details of revenues.

(2) See Table IV for details of expenses.

(3) Reduction of net position from implementation of GASB 68 and GASB 75.

Source: Santa Ana Watershed Project Authority

**Table III – Revenues by Source  
(Excluding Capital Contributions and Special Items)  
Last Ten Fiscal Years**

Fiscal Year	Operating Revenues					NonOperating Revenues						Combined Revenue
	WWT & Disposal	WWT & Disposal Capacity Rights	Program Admin	Other Operating	Total Operating Revenue	Member Contributions	Inter Governmental	Investment Income	Gain on Disposal of Asset	Other Non Operating Income	Total Non Operating Income	
2018	\$10,935,848	\$2,510,154	\$0	\$219,498	\$13,665,500	\$2,303,325	\$3,413,408	\$326,487	\$0	\$0	\$6,043,220	\$19,708,720
2017	11,273,024	2,519,533	0	204,904	13,997,461	2,307,624	4,795,478	193,157	0	0	7,296,259	21,293,720
2016	9,323,505	2,519,748	0	205,774	12,049,027	1,730,491	2,765,270	567,709	1,123	0	5,064,593	17,113,620
2015	8,958,914	2,510,154	0	262,128	11,731,196	1,806,745	1,257,581	432,179	1,123	0	3,497,628	15,228,824
2014	8,575,085	2,510,154	0	158,191	11,243,430	1,771,587	843,283	457,867	13,021	0	3,085,758	14,329,188
2013	9,170,287	2,510,154	0	220,420	11,900,861	1,829,845	1,432,832	343,591	0	0	3,606,268	15,507,129
2012	10,053,123	2,481,109	0	205,257	12,739,489	1,697,194	2,563,956	1,058,984	2,223	0	5,322,357	18,061,846
2011	10,989,257	2,467,971	268,253	18,301	13,743,782	1,646,170	1,542,723	1,178,639	0	42,000	4,409,532	18,153,314
2010	12,391,354	2,458,418	256,486	82,862	15,189,120	1,499,558	2,514,206	2,007,183	1,616	0	6,022,563	21,211,683
2009	9,738,141	2,458,750	223,749	0	12,420,640	1,723,395	2,638,131	2,963,353	0	1,214	7,326,093	19,746,733

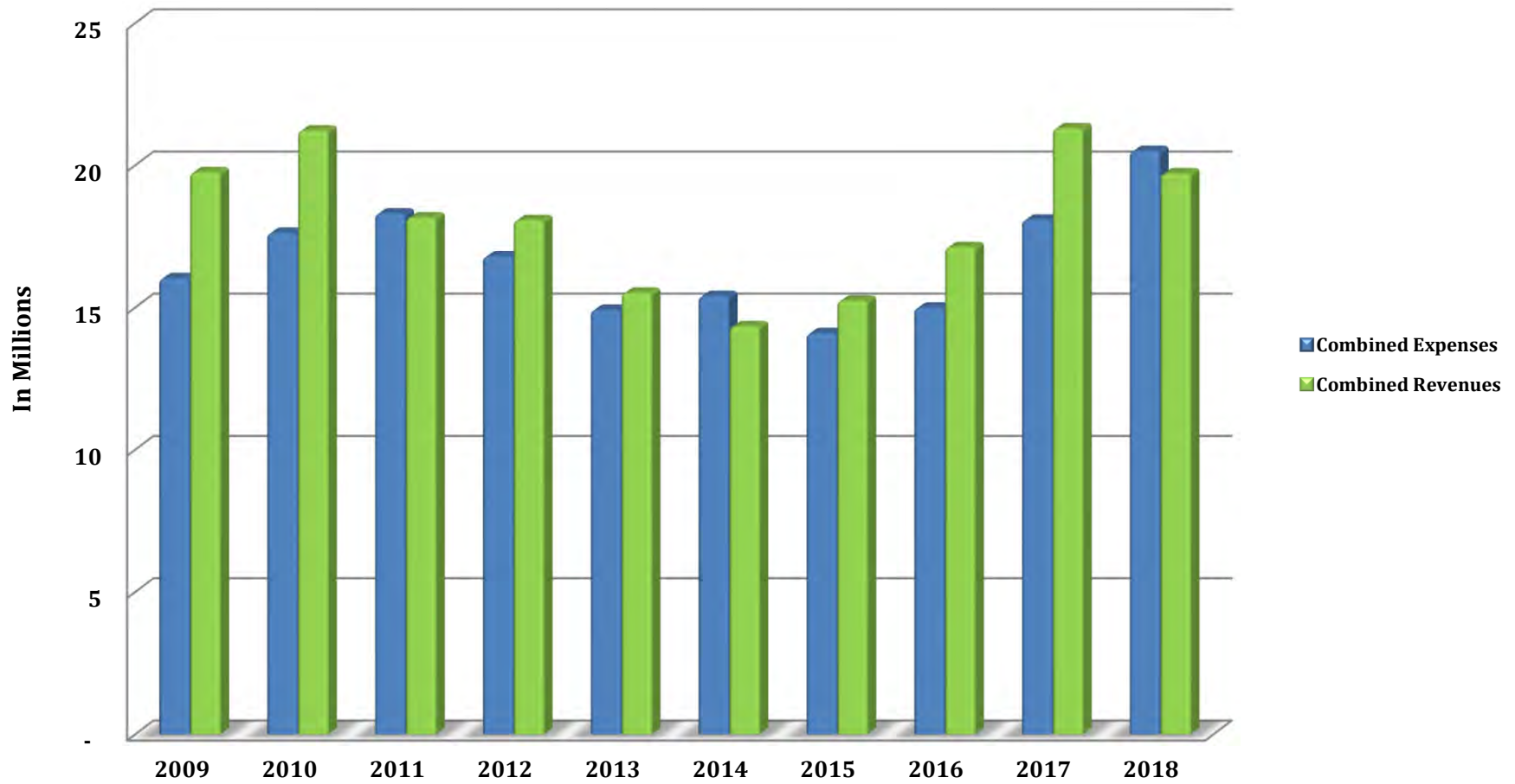
Source: Santa Ana Watershed Project Authority

**Table IV – Expenses by Function  
Last Ten Fiscal Years**

Operating Expenses								
Fiscal Year	WWT & Disposal	General & Admin	Studies & Planning Costs	Depreciation	Amortization of WWT Rights	Total Operating Expenses	Total Non Operating Expenses	Combined Expenses
2018	\$5,841,074	\$1,429,043	\$7,186,572	\$3,355,132	\$1,400,918	\$19,212,739	\$1,279,837	\$20,492,576
2017	6,421,150	591,686	3,293,487	3,174,253	1,400,914	14,881,490	3,191,737	18,073,227
2016	6,434,652	270,613	1,485,977	3,170,554	1,400,918	12,762,714	2,217,719	14,980,433
2015	6,222,868	678,992	1,604,703	3,149,943	1,400,918	13,057,424	1,027,081	14,084,505
2014	6,864,435	487,308	2,636,556	3,137,858	1,400,918	14,527,075	866,589	15,393,664
2013	6,686,530	588,883	2,501,681	3,134,661	1,400,918	14,312,673	593,176	14,905,849
2012	7,356,155	1,125,143	2,244,658	2,732,655	1,400,918	14,859,529	1,927,689	16,787,218
2011	7,491,739	838,929	4,287,122	2,643,498	1,400,918	16,662,206	1,633,089	18,295,295
2010	9,803,154	850,538	1,998,300	2,656,317	1,400,918	16,709,227	903,518	17,612,745
2009	6,767,974	1,038,758	3,148,432	2,655,765	1,400,918	15,011,847	1,008,891	16,020,738

*Source: Santa Ana Watershed Project Authority*

Chart I - Combined Expenses and Revenues  
Last Ten Fiscal Years



**Table V - Wastewater Discharge by Type  
Last Ten Fiscal Years**

Discharge Type	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Industrial *	158.8551	182.3629	176.0173	149.1266	149.7733	153.7463	235.2575	233.8056	186.6322	176.3998
Domestic *	594.2034	605.6648	539.1186	686.9780	817.2502	854.2526	1,027.1307	1,015.4773	908.3414	852.0116
Power Plant *	151.9927	211.0939	203.7717	255.9079	238.1875	285.4555	362.7061	346.2390	285.0138	249.9794
Water Supply/Desalter *	2,838.0161	2,832,6086	2,789.4969	2,894.5452	2,698.2170	2,728.7335	2,657.6589	2,702.2033	2,877.3705	2,923.6592
Temp/Emergency *	2.2784	12.9104	4.7210	6.9285	10.6266	7.9366	5.0106	20.1418	18.1715	7.3531
Truck Discharge *	36.2431	29.9249	34.3066	27.2869	23.3557	30.6147	42.3407	43.2777	53.3668	62.5716
<b>Total</b>	<b>3,781.5888</b>	<b>3,874.5655</b>	<b>3,747.4321</b>	<b>4,020.7731</b>	<b>3,937.4103</b>	<b>4,060.7392</b>	<b>4,330.1045</b>	<b>4,361.1447</b>	<b>4,328.8962</b>	<b>4,271.9747</b>

\* MGD = million gallons per day

Source: Santa Ana Watershed Project Authority



**Table VI - Summary of Wastewater Treatment Rates  
Last Ten Fiscal Years**

Fiscal Year	Flow per MGD*	BOD Charge (1,000 lbs)	TSS Charge (1,000 lbs)	Minimum Flow Charge	Monthly Fixed Pipeline Charge	Monthly Fixed Treatment Charge	Truck - Non-Brine (per gallon)	Truck - Tier 1 (per gallon)	Truck - Tier 2 (per gallon)	Truck - Tier 3 (per gallon)	Truck - Brine (per gallon)
2018	\$901.00	\$307.00	\$429.00	\$150.00	\$5,921.00	\$12,007.00	(a)	\$0.017	\$0.035	(b)	\$0.012
2017	858.00	307.00	429.00	150.00	5,639.00	11,433.00	(a)	0.016	0.033	(c)	0.011
2016	817.00	301.00	420.00	150.00	5,370.00	10,888.00	(a)	0.015	0.032	(d)	0.010
2015	777.00	295.00	411.00	150.00	5,114.00	10,369.00	(a)	0.015	0.031	(e)	0.010
2014	736.00	266.00	395.00	150.00	4,870.00	9,875.00	(a)	0.015	0.031	(f)	0.010
2013	794.00	253.00	376.00	150.00	4,083.00	8,749.00	(a)	0.015	0.030	(g)	0.010
2012	830.00	225.00	335.00	150.00	3,430.00	7,868.00	(a)	0.014	0.029	(h)	0.010
2011	891.00	312.00	462.00	150.00	2,710.00	6,775.00	(a)	0.015	0.032	(i)	0.010
2010	850.00	283.00	420.00	150.00	2,581.00	6,452.00	0.029	0.000	0.000	0.000	0.010
2009	792.00	257.00	381.00	150.00	2,417.00	6,044.00	0.028	0.000	0.000	0.000	0.007

\* MGD – million gallons per day

- (a) Non-brine truck rate was divided into three tiers based on BOD and TSS Concentrations. Tier 1 = 100 to 999 mg/l, Tier 2 = 1,000 to 2,499 mg/l, and Tier 3 = 2,500 mg/l and higher.
- (b) FYE 2018 – Tier 3 dischargers will be charged based on actual concentrations of the waste discharged using the following components: \$0.0029/gallon, \$0.729/pound of BOD, and \$0.695/pound of TSS.
- (c) FYE 2017 – Tier 3 dischargers will be charged based on actual concentrations of the waste discharged using the following components: \$0.0027/gallon, \$0.695/pound of BOD, and \$0.662/pound of TSS.
- (d) FYE 2016 – Tier 3 dischargers will be charged based on actual concentrations of the waste discharged using the following components: \$0.0026/gallon, \$0.694/pound of BOD, and \$0.661/pound of TSS.
- (e) FYE 2015 – Tier 3 dischargers will be charged based on actual concentrations of the waste discharged using the following components: \$0.0026/gallon, \$0.687/pound of BOD, and \$0.652/pound of TSS.
- (f) FYE 2014 – Tier 3 dischargers will be charged based on actual concentrations of the waste discharged using the following components: \$0.0026/gallon, \$0.658/pound of BOD, and \$0.636/pound of TSS.
- (g) FYE 2013 - Tier 3 dischargers will be charged based on the actual concentration of the waste discharged using the following components: \$0.0026/gallon, \$0.645/pound of BOD, and \$0.617/pound of TSS.
- (h) FYE 2012 - Tier 3 dischargers will be charged based on the actual concentration of the waste discharged using the following components: \$0.0026/gallon, \$0.617/pound of BOD, and \$0.576/pound of TSS.
- (i) FYE 2011 - Tier 3 dischargers will be charged based on the actual concentration of the waste discharged using the following components: \$0.0025/gallon, \$0.672/pound of BOD, and \$0.683/pound of TSS.

Source: Santa Ana Watershed Project Authority

Table VII - Principal Sewer Customers  
Current Fiscal Year and Nine Years Prior

Fiscal Year 2017-18

Customer Name	Discharge in MG*	Percentage of Total Discharge
Chino Desalter I	666.6111	17.63%
Temescal Desalter	569.4499	15.06%
Chino Desalter II	458.5523	12.13%
Perris Desalter	425.2378	11.24%
Arlington Desalter	349.4757	9.24%
JCSD - Etiwanda**	254.5417	6.73%
Menifee Desalter	224.9579	5.95%
Lewis Homes Development	180.6730	4.78%
Yucaipa Valley Water District	135.4907	3.58%
Mountainview Power Plant	131.5508	3.48%
<b>Total Principal Customers</b>	<b>3,396.5409</b>	<b>89.82%</b>
<b>Other Customers</b>	<b>385.0479</b>	<b>10.18%</b>
<b>Total Discharge</b>	<b>3,781.5888</b>	<b>100.00%</b>

Fiscal Year 2008-09

Customer Name	Discharge in MG*	Percentage of Total Discharge
Chino Desalter I	724.4234	16.96%
Temescal Desalter	660.6650	15.47%
Chino Desalter II	478.5600	11.20%
Arlington Desalter	403.3914	9.44%
Menifee Desalter	364.3119	8.53%
JCSD - Etiwanda **	312.8761	7.32%
Perris Desalter	267.9475	6.27%
California Rehabilitation Center	227.2456	5.32%
Mountainview Power Plant	130.8113	3.06%
Chino Institute for Women	120.1708	2.81%
<b>Total Principal Customers</b>	<b>3,690.4030</b>	<b>86.39%</b>
<b>Other Customers</b>	<b>581.5717</b>	<b>13.61%</b>
<b>Total Discharge</b>	<b>4,271.9747</b>	<b>100.00%</b>

\* MG - million gallons

\*\* Jurupa Community Services District (JCSD) connections.

Source: Santa Ana Watershed Project Authority

**Table VIII - Debt Coverage Ratio  
Last Ten Fiscal Years**

Fiscal Year	Debt Service Requirements				Debt to Expense Ratio
	Combined Expenses	SRF Loans *	Member Loans **	Total Debt	
2018	\$20,492,576	\$2,704,270	\$356,250	\$3,060,520	<b>14.9%</b>
2017	18,073,226	2,704,475	356,250	3,060,725	<b>16.9%</b>
2016	14,980,433	3,618,242	356,250	3,974,492	<b>26.5%</b>
2015	14,084,505	4,152,560	356,250	4,508,810	<b>32.0%</b>
2014	15,393,664	4,222,260	356,250	4,578,510	<b>29.7%</b>
2013	14,905,849	4,179,190	356,250	4,535,440	<b>30.4%</b>
2012	16,787,218	4,179,191	356,250	4,535,441	<b>27.0%</b>
2011	18,295,295	4,179,191	356,250	4,535,441	<b>24.8%</b>
2010	17,612,745	4,179,192	356,250	4,535,442	<b>25.8%</b>
2009	16,020,738	4,179,191	356,250	4,535,441	<b>28.3%</b>

The Authority does not receive property tax. All revenues are collected through rates and fees or agency contributions.

The Authority does not have any outstanding Revenue Bonds. The only debt of the Authority is SRF and member agency loans.

Treasury strips were purchased to fully cover all future debt service payments. The Treasury strips mature as debt service payments come due. No operating revenues are used to make debt service payments.

*Notes:*

\* *State Revolving Fund (SRF) Loans for construction of the Brine Line.*

\*\* *Repurchase of Pipeline Capacity from Orange County Water District.*

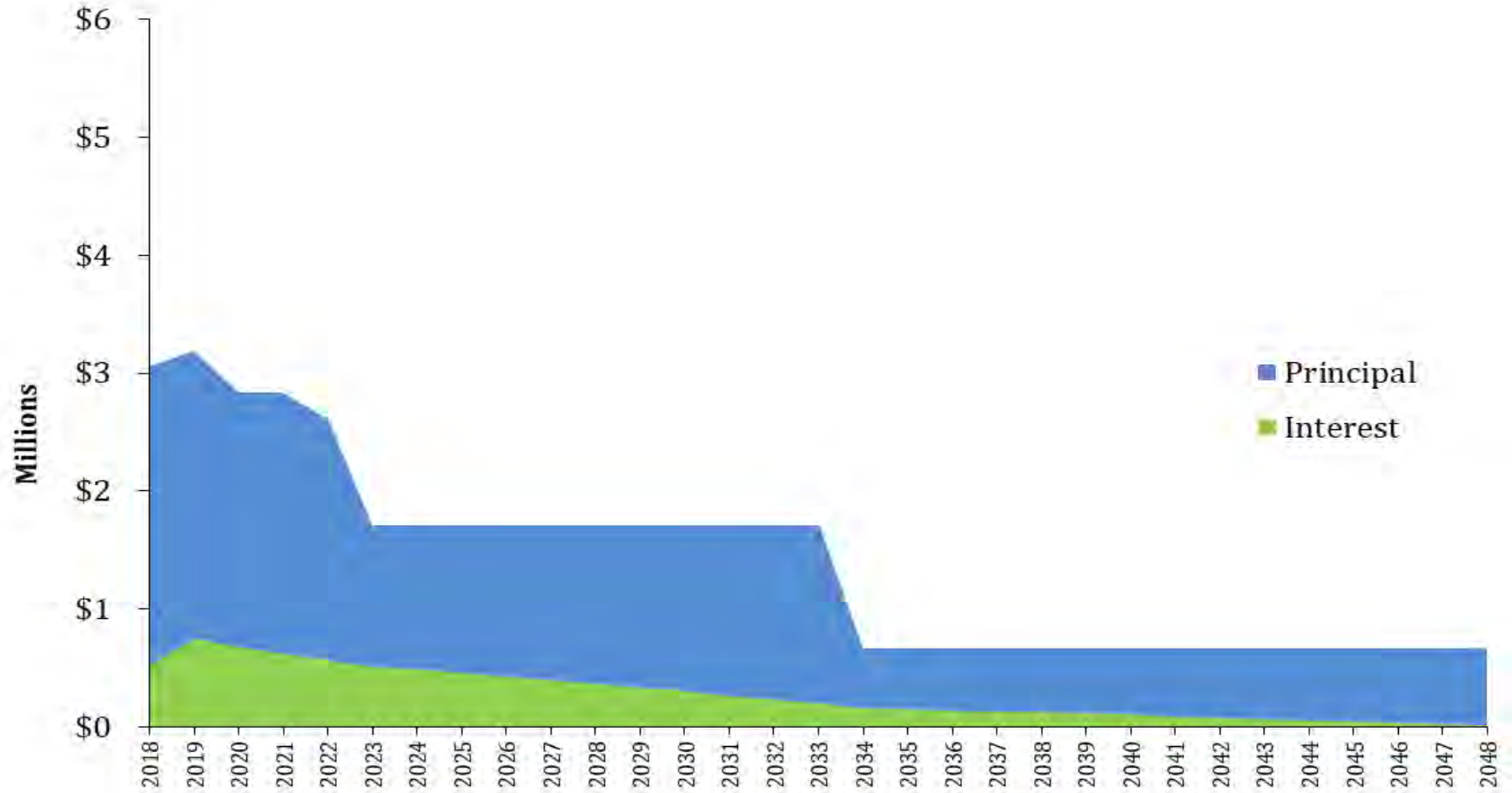
*Source: Santa Ana Watershed Project Authority*

**Table IX - Debt Service Payment Schedule  
Fiscal Years 2018 - 2048**

<b>Fiscal Year</b>	<b>Interest</b>	<b>Principal</b>	<b>Total Payment</b>	<b>New SRF Loan</b>	<b>Remaining Principal</b>
2018	\$520,699	\$2,539,821	\$3,060,520	\$15,000,000	\$31,849,863
2019	723,043	2,103,858	2,826,901	0	29,746,005
2020	669,973	2,156,928	2,826,901	0	27,589,077
2021	615,546	2,211,355	2,826,901	0	25,377,722
2022	559,727	2,039,860	2,599,586	0	23,337,862
2023	509,071	1,191,552	1,700,623	0	22,146,310
2024	480,853	1,219,771	1,700,623	0	20,926,540
2025	451,953	1,248,670	1,700,623	0	19,677,870
2026	422,357	1,278,266	1,700,623	0	18,399,603
2027	392,046	1,308,578	1,700,623	0	17,091,026
2028	361,002	1,339,621	1,700,623	0	15,751,405
2029	329,209	1,371,414	1,700,623	0	14,379,991
2030	296,647	1,403,976	1,700,623	0	12,976,015
2031	263,298	1,437,325	1,700,623	0	11,538,690
2032	229,143	1,471,480	1,700,623	0	10,067,210
2033	194,161	1,506,462	1,700,623	0	8,560,748
2034	158,332	498,018	656,350	0	8,062,730
2035	148,787	507,563	656,350	0	7,555,167
2036	139,059	517,291	656,350	0	7,037,876
2037	129,144	527,206	656,350	0	6,510,670
2038	119,040	537,310	656,350	0	5,973,360
2039	108,741	547,609	656,350	0	5,425,751
2040	98,246	558,104	656,350	0	4,867,647
2041	87,549	568,801	656,350	0	4,298,846
2042	76,647	579,703	656,350	0	3,719,143
2043	65,536	590,814	656,350	0	3,128,330
2044	54,213	602,137	656,350	0	2,526,192
2045	42,672	613,678	656,350	0	1,912,514
2046	30,910	625,440	656,350	0	1,287,074
2047	18,922	637,427	656,350	0	649,645
2048	6,705	649,645	656,350	0	0

Source: Santa Ana Watershed Project Authority

## Chart II – Debt Service Payment Schedule Fiscal Years 2018 - 2048



Source: Santa Ana Watershed Project Authority

**Table X – Outstanding Debt by Type  
as of June 30, 2018**

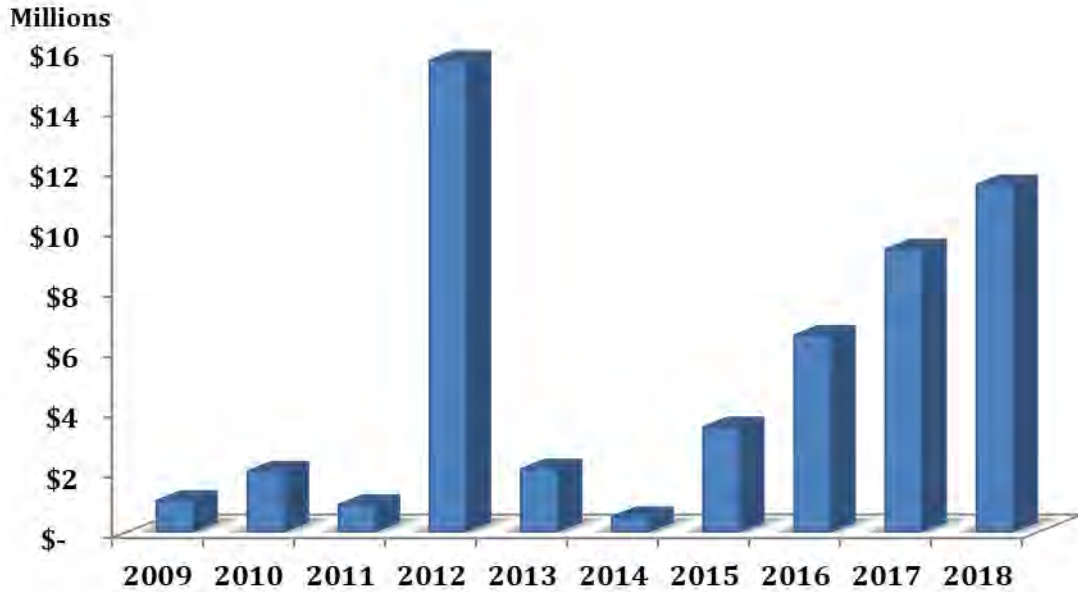
Debt	Type *	Amount Outstanding
SWRCB Brine Line Reach V Loans:		
Loan I	SRF	\$1,265,570
Loan II & III	SRF	1,019,265
Loan IV	SRF	643,848
Loan V	SRF	1,086,243
<b>Total SWRCB Brine Line Reach V Loans</b>		<b>4,014,926</b>
SWRCB Inland Empire Brine Line Reach V Loan I *	SRF	15,000,000
State Revolving Fund Loan – Reach IV-A & IV-B	SRF	12,834,937
<b>Total Outstanding Debt</b>		<b>\$31,849,863</b>

*Source: Santa Ana Watershed Project Authority*

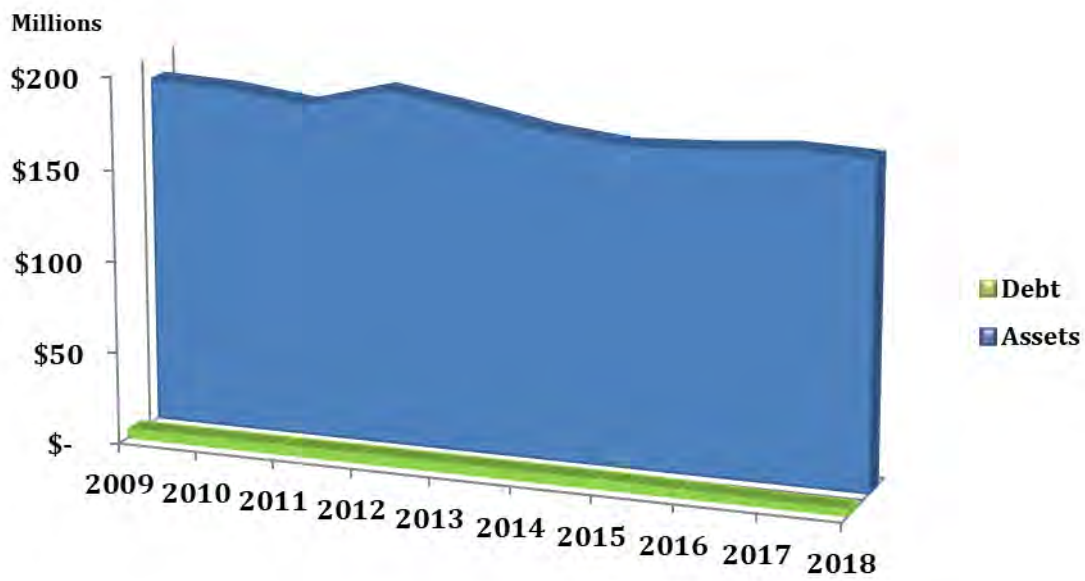
*\*SRF = State Revolving Fund Loan*

*\*Does not account for capitalized interest*

### Chart III – Capital Spending Last Ten Fiscal Years



### Chart IV – Total Debt to Assets Last Ten Fiscal Years



Source: Santa Ana Watershed Project Authority

**Table XI - Demographic and Economic Statistics  
Last Ten Calendar Years**

Fiscal Year	Population County (3)	Personal Income (1)	Per Capita Personal Income County	Unemployment Rate (June) <sup>4</sup>	
				County	State
2018	2,415,955	\$5,547,654,496	\$35,930 (2)	4.8%	4.5%
2017	2,384,783	5,363,874,000	35,286 (5)	5.7	4.7
2016	2,347,828	5,203,504,800	34,506 (5)	6.7	5.4
2015	2,308,441	5,122,926,900	34,359 (5)	6.6	6.3
2014	2,279,967	4,994,193,600	33,836 (5)	8.4	7.4
2013	2,255,059	4,868,571,400	33,278 (5)	9.2	8.5
2012	2,227,577	4,602,590,000	31,742 (5)	11.8	10.7
2011	2,217,778	4,294,524,500	29,927 (5)	13.3	11.8
2010	2,179,692	4,134,913,000	29,222 (5)	14.5	12.2
2009	2,107,653	4,164,720,000	29,748 (5)	13.7	11.6

(1) Projected personal income based on Riverside County Per Capital Personal Income.

(2) Projected based on a 10 year average.

(3) Source: California, State Department of Finance.

(4) Source: CA Employment Development Department and US Dept. of Labor. County data as of June 2017.

(5) Source: County of Riverside Comprehensive Annual Financial Report.

**Table XII - Principal Employers  
Last Ten Fiscal Years**

June 30, 2018 (1)			June 30, 2008 (2)		
Employer	No of Employees	% of Total Labor Force	Employer	No of Employees	% of Total Labor Force
County of Riverside	22,038	2.1%	County of Riverside	18,456	2.0%
March Air Reserve Base	9,000	0.9%	March Air Reserve Base	8,600	1.0%
UC, Riverside	8,829	0.9%	Stater Bros. Markets	6,900	0.7%
Kaiser Permanente	5,500	0.5%	Wal-Mart	6,550	0.7%
Corona-Norco School District	5,478	0.5%	Riverside Unified School Dist.	5,099	0.6%
Pechanga Resort & Casino	4,750	0.5%	Abbot Vascular	4,500	0.5%
Riverside Unified School Dist.	4,200	0.4%	Pechanga Resort & Casino	4,000	0.4%
Hemet Unified School District	4,058	0.4%	Kaiser Permanente	3,600	0.4%
Riverside University Health	3,965	0.4%	Temecula Valley Unified School Dist.	2,752	0.3%
<b>Total</b>	<b>67,818</b>	<b>6.6%</b>	<b>Total</b>	<b>67,778</b>	<b>7.4%</b>

Sources: (1) County of Riverside Economic Development Agency

(2) The Business Press 2008 Book of Lists



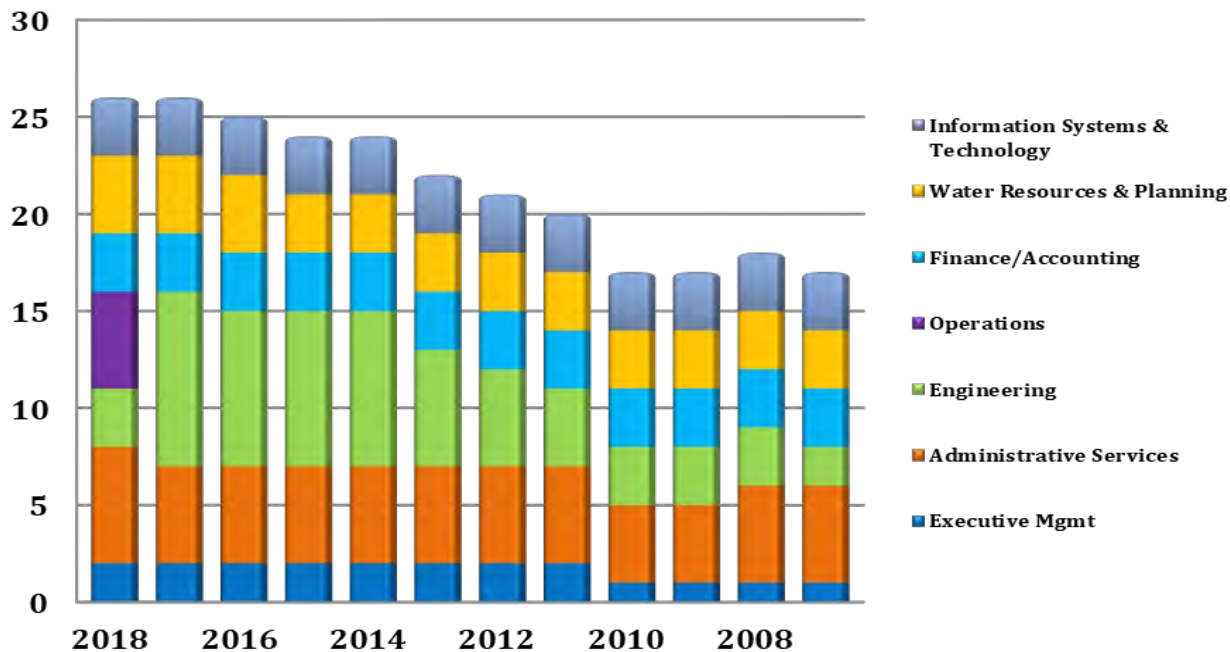
Table XIII - Number of Employees  
Last Ten Fiscal Years

Department	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Executive Management	2	2	2	2	2	2	2	2	1	1
Administrative Services	6	5	5	5	5	5	5	5	4	4
Engineering	3	9	8	8	8	6	5	4	3	3
Operations *	5	0	0	0	0	0	0	0	0	0
Finance/Accounting	3	3	3	3	3	3	3	3	3	3
Water Resources & Planning	4	4	4	3	3	3	3	3	3	3
Information Systems & Technology	3	3	3	3	3	3	3	3	3	3
<b>Total</b>	<b>26</b>	<b>26</b>	<b>25</b>	<b>24</b>	<b>24</b>	<b>22</b>	<b>21</b>	<b>20</b>	<b>17</b>	<b>17</b>

\*Engineering and Operations Department was split in FYE 2018

Notes: All managers are included with their divisions. Temporary and Interns are not included.

Chart V – Total Employees  
Last Ten Fiscal Years



Source: Santa Ana Watershed Project Authority

**Table XIV - Operating and Capital Indicators  
Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Total Meter Connections</b>	41	51	48	48	50	50	50	45	46	42
<b>Number of Air Release Valves</b>	63	63	65	65	65	65	65	62	62	62
<b>Miles of Sewer Lines</b>	73	73	73	73	73	73	73	73	73	73
<b>Total Flows for Fiscal Years (MG)</b>	3,774.5718	3,874.5655	3,747.4321	4,020.7731	3,937.4103	4,060.7392	4,330.1045	4,361.1447	4,328.8962	4,271.9747
<b>Owned Treatment Capacity (MGs)</b>	17	17	17	17	17	17	17	17	17	17

**Miscellaneous Statistics**

Year of Formation: 1972  
 Governing Body: 5-Member Board of Commissioners (1 from each Member Agency elected Board of Directors)  
 Form of Government: Joint Powers Authority  
 Staff: 26 full-time equivalent employees  
 Authority: Section 6500 et. Seq. Government Code  
 Service: Waste Disposal, Watershed Planning, Task Force Facilitation  
 Service Area (square miles): 2,840  
 Total Population Served: Approximately 6 million

*Source: Santa Ana Watershed Project Authority*





# Santa Ana Watershed Project Authority

11615 Sterling Avenue ▪ Riverside ▪ California ▪ 92503  
[www.sawpa.org](http://www.sawpa.org) ▪ (951) 354-4220

**Independent Auditors' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Commissioners  
Santa Ana Watershed Project Authority  
Riverside, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Santa Ana Watershed Project Authority (the "Authority"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Riverside, California  
\_\_\_\_\_, 2018

Board of Commissioners  
Santa Ana Watershed Project Authority  
Riverside, CA

We have audited the financial statements of the Santa Ana Watershed Project Authority (the “Authority”) for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 12, 2018. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Authority changed accounting policies related to Statement of Governmental Accounting Standards (GASB Statement) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the 2018 fiscal year. Accordingly, the cumulative effect of the accounting changes as of the beginning of the year are reported in the financial statements. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the business-type activities’ financial statements were:

Management’s estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s estimate of capital assets depreciation is based on historical estimates of each capitalized item’s useful life. We evaluated the key factors and assumptions used to develop the capital assets depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s estimate of net other postemployment benefits (OPEB) liability is based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the net OPEB liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimation of defined benefit pension obligation is based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the defined benefit pension obligation in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the fair value of investments in Note 2 to the financial statements represents amounts susceptible to market fluctuation.

The disclosure of capital assets in Note 5 to the financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of other postemployment benefits and the net OPEB liability in Note 12 to the financial statements represents management's estimate based on an actuarial valuation. Actual results could differ depending on these key factors and assumptions used for the actuarial valuation.

The disclosure of defined benefit pension plan in Note 11 to the financial statements represents management's estimate based on an actuarial valuation. Actual results could differ depending on these key factors and assumptions used for the actuarial valuation.

The financial statement disclosures are neutral, consistent and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. None of the misstatements detected as of a result of audit procedures were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated \_\_\_\_\_, 2018.



### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Authority’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to the management and discussion and analysis, Schedule of Changes in the Net OPEB Liability and Related Ratios, Schedule of Contributions - OPEB, Schedule of Proportionate Share of the Net Pension Liability, and Schedule of Contributions - Pension, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

As part of the audit, we assisted with the preparation of the financial statements and related notes and state controllers report preparation. However, these services, does not constitute an audit under *Government Auditing Standards* and are considered nonaudit services. Management has reviewed, approved, and accepted responsibility for the results of these services.

### Restriction on Use

This information is intended solely for the use of the Board of Commissioners and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

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## COMMISSION MEMORANDUM NO. 2018.118

**DATE:** November 20, 2018

**TO:** SAWPA Commission

**SUBJECT:** Award of Contract for State Advocacy and Lobbying Services

**PREPARED BY:** Larry McKenney

### RECOMMENDATION

Approve award of contract to West Coast Advisors to provide advocacy and lobbying services in Sacramento for a period of two (2) years in an amount not to exceed \$235,000, with an option for two (2) additional years in an amount not to exceed \$240,000.

### DISCUSSION

To assist and represent SAWPA in advocacy efforts in Sacramento, both with the State legislature and with State agencies, SAWPA has contracted with West Coast Advisors (WCA) (Michael Boccadoro) for many years. WCA's current contract was awarded three years ago after a competitive process, and it will expire at the end of 2018. SAWPA has been satisfied with WCA's work during the current contract. During the last year of the contract, in particular, SAWPA and WCA have worked together to be even more effective and strategic in SAWPA's advocacy in Sacramento.

Per direction from the Commission, staff issued a request for proposals this summer for advocacy services in Sacramento. The RFP was sent to WCA, to ten other firms that represent water agencies, including firms suggested by SAWPA member agencies, and was posted on the SAWPA website. In response, SAWPA received one proposal, from West Coast Advisors.

WCA's proposal satisfied all requirements of the RFP. Moreover, the proposal reflected a strong understanding of the role and interests of SAWPA, and a commitment to move ahead with the current program of strengthening SAWPA's program in Sacramento. WCA proposed a fee within the range of the current budget for this fiscal year, reflecting no increase over a number of years, and well within market overall.

Since receiving the proposal, which included a list of tasks to which WCA committed, staff and WCA have developed a more detailed version of the task list incorporating improvements in program focus and value, and emphasizing both strong SAWPA advocacy and productive collaboration with SAWPA member agencies, and including more rigorous reporting and deliverable work product.

Staff recommends awarding a contract to WCA for two years, with an option for two additional years, based on WCA's proposal and the modified task list that staff has developed. The staff recommendation for a two year contract for \$235,000 and an option for two additional years for \$240,000 reflects maintaining the compensation level at the current \$115,000 for the first year and then increasing it by 4.3% in the second year, with the option providing no additional increase in compensation rate. The recommendation is based on the scope of work and task list developed by staff and WCA, which is somewhat more demanding than the current contract. This depends on future budget approval; the contract has standard termination provisions.

**CRITICAL SUCCESS FACTORS**

None identified for this activity.

**RESOURCE IMPACTS**

No impact in current budget. Contract amount will be recommended in future budgets. The recommendation would increase future cost by \$5,000 per year.

Attachments:

1. WCA General Services Agreement
2. WCA Task Order
3. WCA Proposal
4. Task List



**SANTA ANA WATERSHED PROJECT AUTHORITY**  
**AGREEMENT FOR SERVICES BY INDEPENDENT CONSULTANT**

This Agreement is made this **20<sup>th</sup> day of November, 2018** by and between the Santa Ana Watershed Project Authority ("SAWPA") located at 11615 Sterling Avenue, Riverside, CA 92503 and **West Coast Advisors** ("Consultant") whose address is 925 L Street, Sacramento, CA 95814.

**RECITALS**

This Agreement is entered into on the basis of the following facts, understandings, and intentions of the parties to this Agreement:

- SAWPA desires to engage the professional services of Consultant to perform such professional consulting services as may be assigned, from time to time, by SAWPA in writing;
- Consultant agrees to provide such services pursuant to, and in accordance with, the terms and conditions of this Agreement and has represented and warrants to SAWPA that Consultant possesses the necessary skills, qualifications, personnel, and equipment to provide such services; and
- The services to be performed by Consultant shall be specifically described in one or more written Task Orders issued by SAWPA to Consultant pursuant to this Agreement.

**AGREEMENT**

Now, therefore, in consideration of the foregoing Recitals and mutual covenants contained herein, SAWPA and Consultant agree to the following:

**ARTICLE I**

**TERM OF AGREEMENT**

**1.01** This agreement shall become effective on the date first above written and shall continue until **December 31, 2020** unless extended or sooner terminated as provided for herein.

**ARTICLE II**

**SERVICES TO BE PERFORMED**

**2.01** Consultant agrees to provide such professional consulting services as may be assigned, from time to time, in writing by the Commission and the General Manager of SAWPA. Each assignment shall be made in the form of a written Task Order. Each such Task Order shall include, but shall not be limited to, a description of the nature and scope of the services to be performed by Consultant, the amount of compensation to be paid, and the expected time of completion.

**2.02** Consultant may at Consultant's sole cost and expense, employ such competent and qualified independent professional associates, subcontractors, and consultants as Consultant deems necessary to perform each assignment; provided that Consultant shall not subcontract any work to be performed without the prior written consent of SAWPA.

**ARTICLE III**

**COMPENSATION**

**3.01** In consideration for the services to be performed by Consultant, SAWPA agrees to pay Consultant as provided for in each Task Order.

**3.02** Each Task Order shall specify a total not-to-exceed sum of money and shall be based upon the regular hourly rates customarily charged by Consultant to its clients.

**3.03** Consultant shall not be compensated for any services rendered nor reimbursed for any expenses incurred in excess of those authorized in any Task Order unless approved in advance by the Commission and General Manager of SAWPA, in writing.

**3.04** Unless otherwise provided for in any Task Order issued pursuant to this Agreement, payment of compensation earned shall be made in monthly installments after receipt from Consultant of a timely, detailed, corrected, written invoice by SAWPA's Project Manager, describing, without limitation, the services performed, when such services were performed, the time spent performing such services, the hourly rate charged therefore, and the identity of individuals performing such services for the benefit of SAWPA. Such invoices shall also include a detailed itemization of expenses incurred. Upon approval by an authorized SAWPA employee, SAWPA will pay within 30 days after receipt of a valid invoice from Consultant.

#### **ARTICLE IV**

#### **CONSULTANT OBLIGATIONS**

**4.01** Consultant agrees to perform all assigned services in accordance with the terms and conditions of this Agreement including those specified in each Task Order. In performing the services required by this Agreement and any related Task Order Consultant shall comply with all local, state and federal laws, rules and regulations. Consultant shall also obtain and pay for any permits required for the services it performs under this Agreement and any related Task Order.

**4.02** Except as otherwise provided for in each Task Order, Consultant will supply all personnel and equipment required to perform the assigned services.

**4.03** Consultant shall be solely responsible for the health and safety of its employees, agents and subcontractors in performing the services assigned by SAWPA. Consultant hereby covenants and agrees to:

**4.03a** Obtain a Commercial General Liability and an Automobile Liability insurance policy, including contractual coverage, with limits for bodily injury and property damage in an amount of not less than \$2,000,000.00 per occurrence for each such policy. Such policy shall name SAWPA, its officers, employees, agents and volunteers, as an additional insured, with any right to subrogation waived as to SAWPA, its officers, employees, agents and volunteers. If Commercial General Liability Insurance or other form with an aggregate limit is used, either the general aggregate limit shall apply separately to the work assigned by SAWPA under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit. The coverage shall be at least as broad as Insurance Services Office Commercial General Liability Coverage (occurrence Form CG 00 01) and Insurance Services Office Form CA 00 01 covering Automobile Liability, Code 1 (any auto). The Commercial Liability Insurance shall include operations, products and completed operations, as applicable;

**4.03b** Obtain a policy of Professional Liability (errors and omissions) insurance appropriate to the Consultant's profession in a minimum amount of \$2,000,000.00 per claim or occurrence to cover any negligent acts or omissions or willful misconduct committed by Consultant, its employees, agents and subcontractors in the performance of any services for SAWPA. Architects' and engineers' coverage shall include contractual liability;

**4.03c** Obtain a policy of Employer's Liability insurance in a minimum amount of \$1,000,000.00 per accident for bodily injury and property damage.

**4.03d** Provide worker's compensation insurance or a California Department of Insurance-approved self-insurance program in an amount and form required by the State of California and the Employer's Liability Insurance that meets all applicable Labor Code requirements, covering all persons or entities providing services on behalf of the Consultant and all risks to such persons or entities;

**4.03e** Consultant shall require any subcontractor that Consultant uses for work performed for SAWPA under this Agreement or related Task Order to obtain the insurance coverages specified above.

**4.03f** Consultant hereby agrees to waive subrogation which any insurer of Consultant may seek to require from Consultant by virtue of the payment of any loss. Consultant shall obtain an endorsement that may be necessary to give effect to this waiver of subrogation. In addition, the Workers Compensation policy shall be endorsed with a waiver of subrogation in favor of SAWPA for all work performed by Consultant, and its employees, agents and subcontractors.

All such insurance policy or policies shall be issued by a responsible insurance company with a minimum A. M. Best Rating of "A-" Financial Category "X", and authorized and admitted to do business in, and regulated by, the State of California. If the insurance company is not admitted in the State of California, it must be on the List of Eligible Surplus Line Insurers (LESLI), shall have a minimum A.M. Best Rating of "A", Financial Category "X", and shall be domiciled in the United States, unless otherwise approved by SAWPA in writing. Each such policy of insurance shall expressly provide that it shall be primary and noncontributory with any policies carried by SAWPA and, to the extent obtainable, such coverage shall be payable notwithstanding any act of negligence of SAWPA that might otherwise result in forfeiture of coverage. Evidence of all insurance coverage shall be provided to SAWPA prior to issuance of the first Task Order. Such policies shall provide that they shall not be canceled or amended without 30 day prior written notice to SAWPA. Consultant acknowledges and agrees that such insurance is in addition to Consultant's obligation to fully indemnify and hold SAWPA free and harmless from and against any and all claims arising out of an injury or damage to property or persons caused by the negligence, recklessness, or willful misconduct of Consultant in performing services assigned by SAWPA.

**4.04** Consultant hereby covenants and agrees that SAWPA, its officers, employees, and agents shall not be liable for any claims, liabilities, penalties, fines or any damage to property, whether real or personal, nor for any personal injury or death caused by, or resulting from, or claimed to have been caused by or resulting from, any negligence, recklessness, or willful misconduct of Consultant. Consultant shall hold harmless, defend and indemnify SAWPA and its officers, employees, agents and volunteers from and against any and all liability, loss, damage, fines, penalties, expense and costs, including, without limitation, attorneys' fees and litigation expenses and costs, of every nature arising out of or related to Consultant's negligence, recklessness, or willful misconduct related to or arising from the performance of the work required under this Agreement and any related Task Order or Consultant's failure to comply with any of its obligations contained in this Agreement and any related Task Order, except as to such loss or damage which was caused by the active negligence or willful misconduct of SAWPA.

**4.05** In the event that SAWPA requests that specific employees or agents of Consultant supervise or otherwise perform the services specified in each Task Order, Consultant shall ensure that such individual(s) shall be appointed and assigned the responsibility of performing the services.

**4.06** In the event Consultant is required to prepare plans, drawings, specifications and/or estimates, the same shall be furnished with a registered professional engineer's number and shall conform to local, state and federal laws, rules and regulations. Consultant shall obtain all necessary permits and approvals in connection with this Agreement, any Task Order or Change Order. However, in the event SAWPA is required to obtain such an approval or permit from another governmental entity, Consultant shall provide all necessary supporting documents to be filed with such entity, and shall facilitate the acquisition of such approval or permit.

## **ARTICLE V**

### **SAWPA OBLIGATIONS**

**5.01** SAWPA shall:

**5.01a** Furnish all existing studies, reports and other available data pertinent to each Task Order that are in SAWPA's possession;

**5.01b** Designate a person to act as liaison between Consultant and the General Manager and Commission of SAWPA.

## **ARTICLE VI**

### **ADDITIONAL SERVICES, CHANGES AND DELETIONS**

**6.01** During the term of this Agreement, the Commission of SAWPA may, from time to time and without affecting the validity of this Agreement or any Task Order issued pursuant thereto, order changes, deletions, and additional services by the issuance of written Change Orders authorized and approved by the Commission of SAWPA.

**6.02** In the event Consultant performs additional or different services than those described in any Task Order or authorized Change Order without the prior written approval of the Commission of SAWPA, Consultant shall not be compensated for such services.

**6.03** Consultant shall promptly advise SAWPA as soon as reasonably practicable upon gaining knowledge of a condition, event, or accumulation of events, which may affect the scope and/or cost of services to be provided pursuant to this Agreement. All proposed changes, modifications, deletions, and/or requests for additional services shall be reduced to writing for review and approval or rejection by the Commission of SAWPA.

**6.04** In the event that SAWPA orders services deleted or reduced, compensation shall be deleted or reduced by a comparable amount as determined by SAWPA and Consultant shall only be compensated for services actually performed. In the event additional services are properly authorized, payment for the same shall be made as provided in Article III above.

## **ARTICLE VII**

### **CONSTRUCTION PROJECTS: CONSULTANT CHANGE ORDERS**

**7.01** In the event SAWPA authorizes Consultant to perform construction management services for SAWPA, Consultant may determine, in the course of providing such services, that a Change Order should be issued to the construction contractor, or Consultant may receive a request for a Change Order from the construction contractor. Consultant shall, upon receipt of any requested Change Order or upon gaining knowledge of any condition, event, or accumulation of events, which may necessitate issuing a Change Order to the construction contractor, promptly consult with the liaison, General Manager and Commission of SAWPA. No Change Order shall be issued or executed without the prior approval of the Commission of SAWPA.

## **ARTICLE VIII**

### **TERMINATION OF AGREEMENT**

**8.01** In the event the time specified for completion of an assigned task in a Task Order exceeds the term of this Agreement, the term of this Agreement shall be automatically extended for such additional time as is necessary to complete such Task Order and thereupon this Agreement shall automatically terminate without further notice.

**8.02** Notwithstanding any other provision of this Agreement, SAWPA, at its sole option, may terminate this Agreement at any time by giving 10 day written notice to Consultant, whether or not a Task Order has been issued to Consultant.

**8.03** In the event of termination, the payment of monies due Consultant for work performed prior to the effective date of such termination shall be paid after receipt of an invoice as provided in this Agreement.

## **ARTICLE IX**

### **CONSULTANT STATUS**

**9.01** Consultant shall perform the services assigned by SAWPA in Consultant's own way as an independent contractor, in pursuit of Consultant's independent calling and not as an employee of SAWPA. Consultant shall be under the control of SAWPA only as to the result to be accomplished and the personnel assigned to perform services. However, Consultant shall regularly confer with SAWPA's liaison, General Manager, and Commission as provided for in this Agreement.



**9.02** Consultant hereby specifically represents and warrants to SAWPA that the services to be rendered pursuant to this Agreement shall be performed in accordance with the standards customarily applicable to an experienced and competent professional consulting organization rendering the same or similar services. Furthermore, Consultant represents and warrants that the individual signing this Agreement on behalf of Consultant has the full authority to bind Consultant to this Agreement.

## **ARTICLE X**

### **AUDIT AND OWNERSHIP OF DOCUMENTS**

**10.01** All draft and final reports, plans, drawings, specifications, data, notes, and all other documents of any kind or nature prepared or developed by Consultant in connection with the performance of services assigned to it by SAWPA are the sole property of SAWPA, and Consultant shall promptly deliver all such materials to SAWPA. Consultant may retain copies of the original documents, at its option and expense. Use of such documents by SAWPA for project(s) not the subject of this Agreement shall be at SAWPA's sole risk without legal liability or exposure to Consultant. SAWPA agrees to not release any software "code" without prior written approval from the Consultant.

**10.02** Consultant shall retain and maintain, for a period not less than four years following termination of this Agreement, all time records, accounting records, and vouchers and all other records with respect to all matters concerning services performed, compensation paid and expenses reimbursed. At any time during normal business hours and as often as SAWPA may deem necessary, Consultant shall make available to SAWPA's agents for examination of all such records and will permit SAWPA's agents to audit, examine and reproduce such records.

## **ARTICLE XI**

### **MISCELLANEOUS PROVISIONS**

**11.01** This Agreement supersedes all previous agreements, either oral or written, between the parties hereto with respect to the rendering of services by Consultant for SAWPA and contains all of the covenants and agreements between the parties with respect to the rendering of such services in any manner whatsoever. Any modification of this Agreement will be effective only if it is in writing signed by both parties.

**11.02** Consultant shall not assign or otherwise transfer any rights or interest in this Agreement without the prior written consent of SAWPA. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

**11.03** In the event Consultant is an individual person and dies prior to completion of this Agreement or any Task Order issued hereunder, any monies earned that may be due Consultant from SAWPA as of the date of death will be paid to Consultant's estate.

**11.04** Time is of the essence in the performance of services required hereunder. Extensions of time within which to perform services may be granted by SAWPA if requested by Consultant and agreed to in writing by SAWPA. All such requests must be documented and substantiated and will only be granted as the result of unforeseeable and unavoidable delays not caused by the lack of foresight on the part of Consultant.

**11.05** Consultant shall comply with all local, state and federal laws, rules and regulations including those regarding nondiscrimination and the payment of prevailing wages.

**11.06** SAWPA expects that Consultant will devote its full energies, interest, abilities and productive time to the performance of its duties and obligations under this Agreement, and shall not engage in any other consulting activity that would interfere with the performance of Consultant's duties under this Agreement or create any conflicts of interest. If required by law, Consultant shall file a Conflict of Interest Statement with SAWPA.





**SANTA ANA WATERSHED PROJECT AUTHORITY  
TASK ORDER NO. WCA100-03-03**

**CONSULTANT:** West Coast Advisors **VENDOR NO. 1326**  
 925 L Street, Suite 800  
 Sacramento, CA 95814

**COST:** \$235,000.00

**PAYMENT:** Upon Proper Invoice

**REQUESTED BY:** Larry McKenney, Executive Counsel November 20, 2018

**FINANCE:** \_\_\_\_\_  
Karen Williams, CFO Date

**FINANCING SOURCE:** Acct. Coding 100-03-60121-05  
 Acct. Description Consulting – State Legislative

**COMMISSION AUTHORIZATION REQUIRED FOR THIS TASK:** YES (X) NO ( )  
 Authorization: November 20, 2018; CM#2018.118

This Task Order is issued upon approval and acceptance by the Santa Ana Watershed Project Authority (SAWPA) and West Coast Advisors (Consultant) pursuant to the Agreement for Services between SAWPA and Consultant, entered into on November 20, 2018, expiring December 31, 2020.

**I. PROJECT NAME OR DESCRIPTION**

State Government Relations and Lobbying Services

**II. SCOPE OF WORK / TASKS TO BE PERFORMED**

Consultant shall provide all labor and materials for the project to facilitate, coordinate and provide strategic counsel and advocacy services for all SAWPA legislative and regulatory efforts and requests related to water bonds and other related legislative and governmental actions and priorities, as determined by the SAWPA Commission and the General Manager. The full scope of work is shown in the State Government Relations and Lobbying Services Proposal (Attachment A) and Task List (Attachment B).

**III. PERFORMANCE TIME FRAME**

Consultant shall begin work within five days of the date that this Task Order is signed by the Authorized Officer, and shall complete performance of such services by **December 31, 2020**.

**IV. SAWPA LIAISON**

Larry McKenney and/or Richard Haller shall serve as liaison between SAWPA and Consultant

**V. COMPENSATION**

For the services rendered by Consultant pursuant to this Task Order, Consultant shall receive a total not-to-exceed sum of **\$235,000.00** for a period of two (2) years, with an option for two (2) additional years in an amount not to exceed \$240,000.00. Payment for such services shall be made within 30 days upon receipt of timely and proper invoices from the Consultant, as required by the above-mentioned Agreement. Consultant shall provide to SAWPA each such invoice within 15 days after the end of the month in which the services were performed.

**VI. CONTRACT DOCUMENTS PRECEDENCE**

In the event of a conflict in terms between and among the contract documents herein, the document item highest in precedence shall control. The precedence shall be:

- a. The Agreement for Services by Independent Consultant/Contractor.
- b. The Task Order or Orders issued pursuant to the Agreement, in numerical order.
- c. Exhibits attached to each Task Order, which may describe, among other things, the Scope of Work and compensation therefore.
- d. Specifications incorporated by reference.
- e. Drawings incorporated by reference.

**In witness whereof**, the parties have executed this Task Order on the date indicated below.

**SANTA ANA WATERSHED PROJECT AUTHORITY**

\_\_\_\_\_  
Richard E. Haller, P.E., General Manager                      Date

**WEST COAST ADVISORS**

\_\_\_\_\_  
Michael Boccadoro, President                                      Date

\_\_\_\_\_  
Print/Type Name

Attachment A



**West Coast Advisors**  
*Strategic Public Affairs*

# STATE GOVERNMENT RELATIONS & LOBBYING SERVICES PROPOSAL

Submitted to



West Coast Advisors is uniquely qualified to provide government relations services to the Santa Ana Watershed Project Authority

**Michael Boccadoro**

[mboccadoro@westcoastadvisors.com](mailto:mboccadoro@westcoastadvisors.com)

925 L Street, Suite 800

Sacramento, CA 95814

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# West Coast Advisors

*Strategic Public Affairs*

September 26, 2018

Richard Haller  
General Manager  
Santa Ana Watershed Project Authority  
11615 Sterling Avenue  
Riverside, California 92503

Dear Mr. Haller:

West Coast Advisors (WCA) appreciates the opportunity to respond to the State Legislative Lobbying Services RFP and continue to provide government relations services to the Santa Ana Watershed Project Authority (SAWPA). SAWPA remains the premier integrated watershed program in California and we look forward to continuing to provide SAWPA with highly effective representation in Sacramento before the California Legislature and administration. A new Governor and administration in Sacramento represents a critical opportunity for SAWPA to re-energize and prioritize its state government policy goals and objectives.

WCA is uniquely qualified to continue providing these services to SAWPA. Our firm is highly regarded as one of the most effective practitioners in the water, energy, environmental, and resources arena. Our efforts on behalf of SAWPA have been highly successful, including ensuring substantial funding for integrated regional water management programs (IRWMP). We have also worked effectively with other water, wastewater, and special district organizations on key issues, including protection of local property tax revenues, energy, and climate policy related issues. The conclusion of the Brown Administration and the inauguration of a new Governor will bring both new challenges and opportunities for SAWPA and its member agencies in Sacramento. This proposal seeks to both address the challenges and highlight strategies to capitalize on these opportunities.

WCA is uniquely qualified for the following reasons:

- More than 60 years of combined experience and effective representation before the California Legislature. The firm has extensive long-term relationships with key members and staff (see attached letters) and is highly regarded as a “problem solver” in Sacramento circles.
- Extensive knowledge of water policy in California. We have worked for multiple urban and rural water agencies and have an effective existing working relationship with SAWPA member agencies and their advocacy teams in Sacramento.

- A highly effective team player with extensive working relationships with other water organizations, including the Association of California Water Agencies (ACWA), California Association of Sanitation Agencies (CASA), California Special Districts Association (CSDA), WaterReuse California, State Water Contractors, CalDesal, and the California Wastewater Climate Change Group (CWCCG).
- Extensive knowledge of Santa Ana Watershed issues and local water and energy efforts. Our long-term work on behalf of SAWPA and other local water agencies has provided us with a solid understanding of regional water and energy issues and related challenges.
- More than 25 years of experience before the California Public Utilities Commission and the California Energy Commission. We have been highly successful as formal intervenors working to address energy issues and challenges for the firm's clients, including implementation of key water/energy nexus programs.
- Complete working knowledge of the state's renewable energy laws and programs. WCA is responsible for the creation or enhancement of key renewable energy programs such as the state's Feed-in-Tariff (FiT) and Net-Energy Metering (NEM) programs to facilitate effective participation by water agencies.
- Extensive experience with California climate policy development and greenhouse gas reduction programs, including funding under the California Climate Investment Portfolio.
- A proven track record for securing greenhouse gas reduction funds (GGRF) for client projects. WCA has directly secured more than \$260 million for dairy methane reduction projects and hundreds of millions more for agricultural and food processing clients.
- Extensive high-level relationships with key Administration staff and key regulatory agencies, including but not limited to, the California Environmental Protection Agency (Cal EPA), California Air Resources Board (ARB), State Water Resources Control Board (SWRCB), Cal Recycle, Natural Resources Agency, Department of Water Resources (DWR) and the California Department of Fish and Wildlife. While some of these relationships will be changing in the new administration, many may not in the short-term.
- Effective working relationships with the state's investor owned utilities (IOUs), including Southern California Edison, Sempra Energy, and the Southern California Gas Company.
- Comprehensive understanding of Sacramento-San Joaquin Delta issues and the policies and politics surrounding the proposed California WaterFix.
- Extensive knowledge of political dynamics and how they affect public policy decision making in Sacramento. Our work on behalf of several "Fortune 100" clients provides us with access to extensive public polling and political analysis benefitting our public agency clients.



- Maintenance of a comprehensive “in-house” legislative district database that enables us to track emerging political trends in electoral politics and as well as local voter sentiments on key issues such as water, energy, and climate policy.

We have addressed each of the RFP requirements in the proposal that follows. We also expand on the points identified above, our proven track record, and how we are in a unique position to continue to assist SAWPA in its water, energy, and other policy and program goals. We have attached several letters of recommendation from key legislators to document our legislative relationships. We are fully prepared to comply with SAWPA’s conflicts policy, however we do not anticipate any conflicts arising. Again, we look forward to continuing to provide highly effective state government relations services to SAWPA in the future.

Sincerely,



Michael Boccadoro

President

West Coast Advisors

925 L Street Suite, 800

Sacramento, CA 95814

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## About the Company

West Coast Advisors is an independent, nonpartisan, issues-focused public affairs and advocacy firm. Our strategic public affairs practice specializes in helping clients anticipate and navigate potential problems, turn challenges into opportunities and leverage public affairs objectives. Experienced in local, regional, and state public affairs and advocacy campaigns for corporations, associations, coalitions and public agencies, our team of professionals has the ability to handle a diverse array of client needs.

WCA specializes in complex and often controversial public issues. We leverage our deep understanding of local, regional and state government affairs and our network of influencers to create, plan, and execute compelling and impactful public affairs campaigns to achieve the strategic objectives of our clients.

**Two words best define West Coast Advisors – strategy and execution.** Every move is calculated and carried out to perfection. We believe success is best achieved through proper organization, focus, and discipline. For the past two and one-half decades, our team has led efforts for leading Fortune 100 clients, major agricultural and food manufacturing operations, and key water agencies in California.

West Coast Advisors is led by Michael Boccadoro and Brian Rees, who have more than 60 years of combined public affairs experience. Prior to forming West Coast Advisors in 2015, the team operated as the Sacramento office of The Dolphin Group, one of California’s oldest and most respected public affairs consulting firms. We have operated in California since 1990 and currently employ seven individuals.

West Coast Advisors creates, plans and executes compelling, impactful and winning strategies for our clients. Our services include:

*Governmental Relations / Legislative Advocacy*

*Regulatory Affairs*

*Public Policy Consulting*

*Issues Management*

*Coalition Building*

*Grassroots Advocacy*

*Sustainability Consulting*

*Land Use Planning and Permitting*

*Crisis Management*

*Media Relations*

*Strategic Planning*



# PROPOSAL

## Background

WCA's team has provided highly successful legislative advocacy, government relations, and regulatory services to SAWPA for the past twenty years. During this time, our firm has consistently achieved each of the objectives identified by SAWPA's Commissioners and staff. We have worked effectively with staff to provide strategic insight and knowledge of water, energy, resources, and environmental policymaking in Sacramento. We have also facilitated coordination among SAWPA member agencies and their individual legislative strategies and efforts.

Following are a few highlights of our work that has benefited SAWPA and SAWPA member agencies:

- Positioning SAWPA as the pioneering integrated regional watershed program with the enactment of Proposition 13 in 2000 and securing \$235 million in dedicated funding;
- Securing in excess of \$450 million in dedicated IRWMP funding for the Santa Ana region since 2000, or roughly \$25 million per year, on average;
- Successfully protecting SAWPA member agency property tax revenues and capital reserves from repeated attempts by the Legislature to capture and redirect those funds;
- Effectively representing SAWPA and its member agencies in water bond discussions and implementation that has led to significant competitive grant resources being made available for regional water recycling, groundwater clean-up, water conservation, and storm-water capture. Implementation of the 2018 bonds (Proposition 68 and Proposition 3) will present additional opportunities to maximize funding in the region;
- Passing and implementation of multiple renewable energy Feed-in Tariff (FIT) programs including the Renewable Energy Market Adjusting Tariff (RE-MAT) and the bioenergy focused Bio-MAT. Additionally, we secured key changes to the Net-Energy Metering (NEM) program, designed to incentivize adoption of clean energy technologies by water and wastewater agencies;
- Securing millions of dollars in Cap & Trade proceeds (Greenhouse Gas Reduction Funds) and other state funding for "water/energy nexus," and water-use efficiency projects and programs. (Additionally, GGRF funding should be sought in 2019 for water/energy nexus programs generally and the WE CAN program specifically) To date, \$70 million has been allocated to DWR for water-use efficiency, some of which has been used for SAWPA's Water-Energy Community Action Network (WE CAN);
- Closely coordinating with SAWPA member agency advocacy teams to ensure effective representation in legislative, budget, and regulatory proceedings.

Each of these successes has played a significant role in furthering key SAWPA and member agency initiatives and programs.

Equally important, SAWPA is a recognized leader amongst state water agencies and well positioned to be a major player in additional state water, resource, environmental and energy policy development. SAWPA management and key staff are active in regional and state water policy organizations (including ACWA, SCWC and MWD) and are well informed and versed on major issues. As a result, staff is in a solid position to facilitate an increased role in state regulatory and legislative affairs. Such an increased role is important, particularly in light of ongoing implementation of recent water, energy and climate policies that will prove critical for regional water managers. WCA is prepared to foster this increased activity.

## Qualifications

In addition to the specific legislative accomplishments outlined earlier, WCA has provided highly effective general government relations services to SAWPA. Our staff is highly engaged in every major water, climate, environmental, and energy policy discussion taking place in the Governor's office, the Legislature, and within the myriad of regulatory agencies.

We have extensive relationships both within and outside state government that put us in a unique position to advocate on issues of importance to SAWPA and its member agencies.

### Governor's Office

WCA's team has always maintained an extensive working relationship with key legislative affairs and policy staff with jurisdiction on water and resource related issues. We regularly work closely with the Governor's office and have negotiated numerous pieces of crucial water, climate, and environmental legislation. The firm's staff have negotiated many major climate, energy, and water policy issues over the years including being called upon to advise the Administration on several of these key policy issues. Most recently, we have worked with the Governor's office on the extension of the state's Cap and Trade Program, long-term water-use efficiency policy, Short-Lived Climate Pollutant program, and the state's response to destructive wildfires (SB 910- Dodd, 2018) among other issues. We are poised to continue this work creating new relationships in the new Administration.

### Administration/Regulatory Affairs

One of the primary reasons WCA is well positioned to continue representing SAWPA's interests is our extensive regulatory affairs practice. WCA's staff has an extensive network of mid and high-level relationships in every key agency and department with jurisdiction on water, resources, energy, climate policy or environmental issues, including but not limited to:

- State Water Resources Control Board
- Department of Water Resources
- Natural Resources Agency
- Department of Fish and Wildlife
- California Air Resources Board
- California Energy Commission
- California Public Utilities Commission
- California Environmental Protection Agency
- CAL-Recycle

We closely monitor these agencies' regulatory policy decision-making proceedings and are widely viewed as experts and "problem solvers" by key staff, management and appointed executives. These relationships put us in a position to effectively represent SAWPA and member agencies in any foreseeable issues.

## Legislature

WCA works closely with all members of SAWPA's legislative delegation in Sacramento and has the necessary access to continue representing your interests. As a non-partisan firm we also maintain strong working relationships on both sides of the political aisle including majority and minority leadership in both the Senate and Assembly. Equally important, WCA maintains strong working relationships with key legislators and staff working on water, resources, energy, climate policy, environmental, and fiscal issues. Those relationships include the Chairs and Vice Chairs of the following committees:

- Assembly Water, Parks & Wildlife
- Assembly Utilities & Energy
- Assembly Natural Resources
- Assembly Environmental Safety & Toxic Materials
- Assembly Budget
- Assembly Appropriations
- Senate Natural Resources & Water
- Senate Energy, Utilities & Communications
- Senate Environmental Quality
- Senate Budget & Fiscal Review
- Senate Appropriations

We work regularly and closely with staff for each of these committees as well as Senate and Assembly Republican and Democratic Caucus consultants who play a key role in policy development and bill passage. Equally important, we work well with legislative leadership in both houses including the offices of the Assembly Speaker and Senate President Pro Tempore. We have key relationships with their primary staff on water, energy, climate policy, and resource issues and work closely with them on the development of policies and passage of legislation.

WCA has also fostered strong working relationships with the Legislature's moderate democratic caucus (known as New Dems) and the Latino Legislative Caucus. Both of these groups play an increasingly significant role in shaping policy in California. We work closely with Assemblyman Tom Daly (D-Anaheim), the interim chair of the New Dems and other key caucus members in the Assembly. We also work closely with Senator Ben Hueso (D-San Diego), the current chair of the Latino Legislative Caucus and other key caucus members in the Senate and Assembly. Many of these legislators are among the best and brightest rising stars and key policymakers in Sacramento.

**Bottom line: we are well positioned to continue effectively representing SAWPA on legislative issues.**

## New Governor, New Challenges, New Opportunities

California will soon elect a new Governor. Governor Brown's current term will end on January 6, 2019. Brown leaves office with the state in far better financial shape than when he assumed office in 2011 when California faced a \$27 billion deficit. Governor Brown has also made significant progress on resource related issues including energy, water, and climate policy. However, much work remains, and implementation of these policies will be a top priority for the next Governor and his regulatory agencies.

Significant new water policies, including water-use efficiency, groundwater management, water storage, and Delta water conveyance have been enacted under Governor Brown and are currently being implemented. Over the next several years, it will be important for SAWPA to remain informed and engaged in a variety of issues that will affect the region as these new policies continue to be implemented.

### *Water Bond Implementation*

The electorate is expected to pass the second of two water bonds in November 2018 (Proposition 68 on the June ballot already passed and Proposition 3 on the November ballot is currently leading in the polls). Implementation of these bonds will prove critical for regional water managers. The \$10 billion in available bond funding, however, represents little more than a down payment on the significant water supply and reliability costs facing local, regional and state water managers.

### *Unimpaired Flows*

Under a landmark agreement in 1986, state and federal officials must release water from their reservoirs for environmental benefits in the Delta. The state is currently discussing a proposal to increase environmental flows on the San Joaquin River and its tributaries. Later this year, the state expects to release a similar water quality plan for the Sacramento River Watershed. The State Water Resources Control Board (SWRCB) believes leaving more water in the rivers to flow through the Delta to the ocean would ease an "ecological crisis for fish," but it means far less water for residents, farms and businesses. SAWPA and other regions impacted by a further reduction in water exports will need to be fully engaged in this discussion.

### *Water Tax*

Deliberation over a "water tax," which failed passage in 2018, is expected to continue in the next few years and could be broadened to include low-income ratepayer assistance and possibly comprehensive water infrastructure financing. The Public Policy Institute of California (PPIC) continues to advocate for a water infrastructure fee to provide long-term financing for much needed water infrastructure improvements. The outcome of Proposition 6, the gas tax repeal on the November ballot, will have significant impact on this issue and the Legislature's willingness to pass another tax.



### *Renewable Energy and Climate Policy*

Governor Brown is also leaving a lasting mark on energy and climate policy in California. Recently signed legislation (SB 100, De Leon) puts California on an expedited path to clean energy with a new 60 percent renewable portfolio standard (RPS) by 2030 and 100 percent clean or carbon free energy by 2045. Governor Brown also recently adopted an Executive Order recently that expedites California's climate policies by establishing a new "zero net carbon" goal by 2045. Implementation of these far-reaching energy and climate policies will also dramatically impact water management in California. Energy costs, which represent a significant cost of water conveyance, delivery, and treatment will continue to increase. Local and regional water supply managers will increasingly look to invest in renewable energy infrastructure to meet state mandates.

### *Delta Conveyance/California WaterFix*

California WaterFix is a comprehensive solution proposed by the Brown Administration to ensure our state has reliable conveyance of state and federal surface water supplies. It would modernize the existing outdated and unreliable system. Delta exports currently represent about 30 percent of Southern California supplies. Ensuring the project continues to move through implementation should remain a top priority for SAWPA and its member agencies to ensure reliable water supply deliveries moving forward.

### *Water/Energy/Climate Nexus*

It has long been discussed that California's water and energy sectors are inextricably linked. Water pumping, treatment, and use accounts for roughly 20 percent of all energy usage in the state. Today, water, energy and climate policy are increasingly intertwined. The state's water supply system already faces challenges to provide water for California's growing population. Climate change is expected to exacerbate these challenges through increased temperatures and changes in precipitation patterns altering the amount, distribution, timing, and quality of available water. Increases in hydrologic variability are expected to intensify resulting in more frequent and larger floods and deeper droughts. Extreme precipitation events pose risk to dams, levees, canals, and other water supply and flood control infrastructure. Rising sea levels will threaten the Delta water conveyance system and increase salinity in coastal groundwater supplies. Planning for and adapting to these issues, particularly their impact on public safety and long-term water supply reliability will be among the most significant challenges facing water managers in the next decade. In addition to increased involvement in climate policy generally, specific funding opportunities should be pursued under the state's Climate Investment Portfolio (funded by GGRF) for local climate adaptation programs such as the Water-Energy Community Action Network (WE CAN).

## Lobbying Services Overview: Back to Basics

With these issues and challenges in mind, it will be important for SAWPA and its member agencies to get “back to basics.” A renewed focus on identifying goals and objectives for legislative and government relations will be needed. Regional sustainability will require continued efforts to develop local supplies and further drought-proof the region. Continued efforts to provide a long-term solution for Delta conveyance and increase habitat conservation to address ecological issues in the Delta to maintain exports should remain key priorities. Planning and preparation for looming energy and climate policy mandates will also be important.

SAWPA pioneered the concept of integrated regional water management planning (IRWMP) in California and continues to serve as a model of success. Moving forward, SAWPA should look to solidify its role and highlight the effectiveness and efficiency of regional water management, planning, and project implementation. Funding IRWMP has fallen out of favor with many regional water agencies and has not been a priority in recent bond measures. A new administration represents an important opportunity to change that dynamic but will require a concerted effort from regional agencies throughout the state.

Comprehensive planning, including the development of short and long-term government affairs goals and objectives, should be established for each of these key issue areas. West Coast Advisors recommends SAWPA and its member agencies undertake a comprehensive planning process to focus its Sacramento government affairs activities and advocacy efforts.

The planning process should be coordinated by SAWPA management and key staff and include discussions with SAWPA member agencies and staff as well as SAWPA Commissioners. This will ensure state government affairs priorities, goals, and objectives remain aligned throughout the SAWPA family. The planning process should focus on, but not be limited to, the following:

- Increased education and legislative advocacy on the efficiency and effectiveness of regional water planning and implementation;
- Increased involvement and engagement in water, energy, and climate policy discussions in Sacramento, including stepped-up regulatory affairs with the various agencies leading these issues;
- Renewed focus on pursuing funding for regional water management activities, including funding for local and regional project development as well as funding for programs such as SAWPA’s WE CAN program to facilitate local climate change adaptations.

## Specific Services

West Coast Advisors is prepared to continue providing effective comprehensive state government relations services to SAWPA. We are uniquely qualified to provide these services because of our demonstrated expertise in water, resource, energy, climate, and environmental policy development and our relationships and access to key policymakers, regulators, and decision makers involved in these arenas. **What separates us from other government relations firms is our policy expertise. We not only know people, we have a complete understanding of water, energy, resource, climate, and environmental issues and policies and the ability to utilize that knowledge to strategically position and continue effectively representing SAWPA.**

We propose to provide all of the services outlined in the RFP including, but not limited to the following:

- State legislative monitoring and bill tracking
- State regulatory monitoring
- State budget and fiscal proceedings monitoring
- Legislative advocacy including possible sponsorship of legislation
- Energy regulatory advocacy including direct representation at the CPUC and CEC as needed
- State government regulatory relations including all key agencies and departments discussed previously
- Administration advocacy
- Legislative education and development, including annual briefings for SAWPA's legislative delegation and staff
- Development of issue briefs and other legislative reports and talking points as necessary
- Coordination with SAWPA member agencies including ongoing weekly legislative conference calls
- Coordination of Sacramento and district legislative visits
- Coordination with other trade associations including MWD, CSDA, ACWA, CASA, WateReuse and Cal Desal
- Identification of state funding opportunities
- Close coordination with agency staff on all issues
- Development of legislative and program activity reports
- Periodic communication and participation with SAWPA's Legislative Affairs Committee and full Board
- FPPC compliance guidance and assistance

## Scope of Work/Work Plan

Our approach and work plan are based on the following six general activities:

- 1) Increase outreach and education among SAWPA delegation legislators and legislative leaders. The outreach will occur both in Sacramento and locally, as appropriate, to convey the efficiency and effectiveness of regional water planning and project implementation;
- 2) WCA will continue to work closely with the SAWPA Commission, key staff, General Managers, and member agency legislative staff to identify specific issues and objectives for the Authority's legislative affairs program. Specific legislation to provide funding for SAWPA's WE CAN program should be pursued in 2019;
- 3) Identify legislative measures for consideration by the Commission by working closely with Authority staff and member agency legislative staff. Ongoing legislative and regulatory monitoring will be conducted to inform that discussion;
- 4) WCA will continue to provide political and policy insight for SAWPA to not only understand **what is happening in Sacramento, but why it is happening**. Once legislative positions are taken, WCA will continue to effectively advocate those positions to the legislature, Governor's office, and regulatory agencies as appropriate;
- 5) Continued coordination with other key water and special district organizations and associations;
- 6) Ongoing two-way communication and discussion is key and will be utilized in all aspects of the program. Weekly conference calls with staff and SAWPA member agencies will continue to provide timely and continuous input from the client. Annual planning sessions and periodic updates will also be utilized to seek input from the SAWPA Commission and member agencies. Written reports will be provided as determined by SAWPA management.

## Miscellaneous

West Coast Advisors meets and exceeds all the “General Qualifications” requirements outlined in the RFP. Our team has more than 60 years of combined legislative experience and we have been providing advocacy services in Sacramento for more than 25 years.

West Coast Advisors has not previously had a conflict of interest with SAWPA and other clients and does not expect conflicts to occur in the future. We are providing a comprehensive list of current and former lobbying clients for review as part of this proposal.

West Coast Advisors has never had any litigation or regulatory enforcement proceeding against the firm.

West Coast Advisors is prepared to sign the draft agreement and is not seeking any exceptions.

West Coast Advisors is familiar with the SAWPA Conflicts Policy and we are fully prepared to comply with it.

West Coast Advisors is prepared to provide all the necessary insurance policies required to execute the services contract.

## Coordination with Key Associations and Organizations

As part of our general water, energy and climate policy legislative advocacy, WCA regularly works closely with a number of organizations and trade associations. Following is a brief description of our extensive coordination and leadership efforts with these groups.

### **Association of California Water Agencies (ACWA)**

WCA maintains a highly effective and coordinated effort with ACWA on legislative and regulatory issues. WCA staff regularly participate in ACWA's Monday Morning Lobby Group (MMLG) coordination meetings and monthly legislative committee meetings. WCA also coordinates with ACWA on such critical special efforts as protection of local property taxes and regularly participates in coordination meetings whenever funds are targeted by state officials. Equally important, WCA staff has been an integral member of ACWA's Water & Jobs Coalition, continuing to work on water bond and other statewide water issues. WCA, given our background in political campaigns generally, and previous water bond efforts specifically, is a key participant in these discussions designed to ensure success when voters are asked to ratify water project funding. Finally, WCA has played a very active role in ACWA's Energy Committee activities.

### **California Association of Sanitation Agencies (CASA)**

WCA coordinates closely with CASA's management and legislative advocates on water quality, energy and climate change issues in Sacramento. WCA staff regularly coordinates with California Wastewater Climate Change Group (CWCCG) participants, which is now under the CASA umbrella. The CWCCG group has benefitted from WCA's substantial knowledge of energy and greenhouse gas reduction issues and policies. Continued participation in this group will be critical as California's climate change programs are updated and expanded in the future.

### **California Special Districts Association (CSDA)**

WCA works closely with CSDA on issues pertaining to protection of property taxes, redevelopment pass-throughs, pension reform, workers' compensation, fiscal reserves and other topics relating to the core functions of special districts. WCA's coordination with CSDA and its other member agencies was directly responsible for protecting tens of millions of dollars of local property tax revenues that would have been lost annually with the elimination of local "pass-throughs."

### **WateReuse**

WCA continues to work closely with WateReuse on salt management, water softener, and other water recycling legislative efforts. Continued coordination with WateReuse will prove critical as the organization is set to expand state water recycling policies to encourage additional recycling efforts in California and set the stage for direct potable reuse in the future.

### **Metropolitan Water District of Southern California (MWD)**

WCA maintains a strong working relationship with MWD's management, Sacramento

advocates and public affairs practitioners on a wide range of issues. WCA has been integral in efforts to protect MWD from repeated threats from the San Diego County Water Authority and coordinates with a group of MWD member agency lobbyists for this purpose. WCA also works closely with MWD on legislation that can affect water supply availability, water quality and other water related issues. In addition to direct communications, WCA staff participates in MWD's bimonthly legislative coordination calls and other public affairs and legislative planning sessions to ensure we remain aware of issues of importance to the broader Southern California water community.

### **State Water Contractors**

WCA is part of an informal group of lobbying firms currently coordinated by Kathy Cole of MWD to provide advocacy services for the State Water Contractors Association. Recent efforts have included Delta Conveyance, energy policy and extension of the State Water Project contract with DWR.

## Fees & Expenses

### Fees

Consulting fees for WCA’s services will be billed monthly and are due and payable on the first of each month. **WCA is proposing a monthly retainer of \$8,500-\$10,000 depending on the scope of work sought by SAWPA. The final retainer will be negotiated between the parties.**

### Expenses

WCA will NOT invoice for ordinary out-of-pocket expenses for travel, postage, phone, fax, copies, etc. All ordinary expenses will be included in the monthly retainer.

## Project Team/Organization Chart/Duties

### Project Leader

**Michael Boccadoro\***

Lead consultant and advocate, strategy, day-to-day management, regulatory and Administration advocacy

### Project Team

**Brian Rees\***

Legislative advocacy, political and SAWPA legislative delegation and district analysis, New Democrats coordination

**Beth Olhasso\***

Legislative advocacy, regulatory and energy agency monitoring, water association coordination and client coordination and reporting

**Maddie Dunlap\***

Legislative advocacy, regulatory and agency monitoring

**Laura Kistner**

Collateral development and FPPC compliance

\* denotes registered lobbyists in California



## Staff Profiles

### **Michael Boccadoro, President**

As President, Mr. Boccadoro is responsible for overseeing the firm's public affairs, regulatory affairs and governmental relations practices. With expertise in climate, energy, water, finance, resource planning, health care and environmental issues, Michael has extensive working relationships with public officials and media representatives involved in these areas. Before launching West Coast Advisors he served as President and Sacramento Office Director of The Dolphin Group. He also spent seven years as a senior consultant to the California Legislature.

### **Brian Rees, Senior Vice President – Government Relations**

As Senior Vice President, Brian Rees brings a broad range of legislative affairs, policy, and state budget experience. Brian is currently involved with a number of the firm's clients, including Marriott International, Hilton Worldwide, the California Poultry Federation, Santa Ana Watershed Project Authority, and United Healthcare. Prior to joining The Dolphin Group he served as staff to the California Legislature.

### **Beth Olhasso, Senior Account Executive**

Senior Account Executive Beth Olhasso advises clients on a wide variety of public policy matters. Beth focuses on legislative and regulatory issues relating to energy, local and statewide water policy, and public agency issues. Before joining the firm in 2011, she spent several years working on water and public agency issues at a Southern California public water agency. Beth also has broad experience on political campaigns, having served in lead roles on a number of local, state and national campaigns throughout the country.

### **Maddie Dunlap, Account Executive**

Maddie Dunlap provides public and government affairs consulting to the firm's agriculture and water clients. Growing up on her family's cattle ranch, Maddie brings experience from the agriculture industry and legislative experience from the State Senate as a Senate Fellow. Maddie also draws from her Masters Degree in Water Law and her Bachelors in Agricultural Communications to serve our clients' outreach and advocacy needs.

### **Laura Kistner, Client Services Administrator**

For more than eighteen years, Ms. Kistner has provided the firm's clients with creative and administrative support for government and public affairs. She is responsible for the creative and technical aspects of client activities including association membership management, web page development, presentation technology and the development of collateral materials. Laura also handles all aspects of FPPC compliance and reporting for the firm's lobbying clients.

## Client References

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301.380.4839  
[Melissa.froehlich-flood@marriott.com](mailto:Melissa.froehlich-flood@marriott.com)

## Client List

A partial listing of past and present clients

Agricultural Energy Consumers Association \*  
Alliance for Food and Fiber  
Alliance of Western Milk Producers  
Altria/Philip Morris  
Banfield Pet Hospitals  
California Credit Union League  
California Farm Bureau Federation  
California Independent Grocers & Convenience Stores  
California Poultry Federation \*  
California Table Grape Growers  
California-Tahoe Conservancy  
Castaic Lake Water Agency  
Central Valley Project Water Authority  
Chino Basin Watermaster  
Coalition for a Sustainable Delta \*  
Coca Cola, Inc.  
Cucamonga Valley Water District \*  
Dairy Cares \*  
Dairy Institute  
Delta Restoration Coalition  
Duke-American Transmission Company \*  
General Motors, Inc.  
Hilmar Cheese Company  
Hilton Worldwide, Inc. \*  
Hollywood Park, Inc.  
Inland Empire Utilities Agency \*  
Kern River Gas Transmission Company  
Marriott International \*  
Metropolitan Water District of Southern California  
Microgy Cogeneration  
Miller/Coors\*  
National Grid\*  
Santa Ana Watershed Project Authority (SAWPA) \*  
South San Joaquin Irrigation District \*  
Sunworld International, Inc.  
United Healthcare Services \*  
Union Pacific Railroad  
United States Chamber Of Commerce  
Wal-Mart  
WateReuse California\*  
West Basin Municipal Water District \*  
Western Growers Association

\*denotes current client

STATE CAPITOL  
P.O. BOX 942849  
Room 4140  
SACRAMENTO, CA 94249  
(916) 319-2056  
FAX (916) 319-2156



DISTRICT OFFICE  
48220 JACKSON ST. STE A3  
COACHELLA, CA 92236  
(760) 347-2360  
FAX (760) 347-5704

**EDUARDO GARCIA**

ASSEMBLYMEMBER, FIFTY-SIXTH DISTRICT  
CHAIR, ASSEMBLY COMMITTEE ON WATER, PARKS, AND WILDLIFE

September 24, 2018

Richard E. Haller  
General Manager  
Santa Ana Watershed Project Authority  
11615 Sterling Avenue  
Riverside, CA 92503

**RE: Letter of Support for West Coast Advisors for Sacramento Representation**

Dear Mr. Haller:

It is with great pleasure that I write in strong support of West Coast Advisors (WCA) for their request of continued Sacramento representation of the Santa Ana Watershed Project Authority (SAWPA). I have a long-standing history of working with WCA since my election in 2014 to the State Assembly and in my capacity as Chair of the Assembly Water, Parks, and Wildlife Committee.

WCA's public affairs experience in our Capitol combined with their past successful strategic campaigns for their clients provide them with a unique breadth of knowledge to represent organizations such as SAWPA. In this capacity, WCA has provided SAWPA and its member agencies with highly effective advocacy services for well over a decade. Likewise, I can attest to WCA's positive work with other municipal agencies throughout California.

I consider WCA's expertise invaluable and look forward to a continued partnership with them. Overall, WCA is well regarded and respected by my colleagues and me, which is a testament to their work. I respectfully request your thoughtful consideration. Please contact my district office by phone at (760)347-2360 if you have any further questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Eduardo Garcia".

Eduardo Garcia  
Assemblymember, 56 AD

IMPERIAL COUNTY  
1101 Airport Road, #D, Imperial, CA 92251  
(760) 355-8656 / FAX (760) 355-8856

September 26, 2018

Richard Haller  
General Manager  
Santa Ana Watershed Project Authority  
11615 Sterling Avenue  
Riverside, California 92503

Dear Mr. Haller,

It has come to my attention that you are considering the retention of West Coast Advisors (WCA) as your Sacramento representation for the Santa Ana Watershed Project Authority. I have come to know the principals at WCA quite well over the years and find them to be professional and highly competent in their advocacy efforts. WCA's public affairs experience in our Capitol combined with their past successful strategic legislative campaigns for their clients provide them with a unique breadth of knowledge to represent agencies such as SAWPA.

I have worked with the principals of WCA since I was first elected to the Assembly in 2006. From what I have personally observed in the Capitol, WCA is well regarded and respected by the Capitol community.

I believe that WCA will continue to be an asset to your organization. Your thoughtful consideration of their merits and skills is warranted.

Warmly,

Hon. Anthony J. Portantino  
California State Senator, District 25

## Attachment B

1. Annual planning meeting at SAWPA each autumn to discuss lessons learned, strategy in upcoming session, potential bill sponsorship, key alliances, and performance goals
2. Coordination with SAWPA member agencies including ongoing weekly legislative conference calls
3. State legislative advocacy (per staff direction; updates during weekly conference calls)
4. State legislative monitoring and bill tracking (brief narrative written report updated bi-weekly for commission packet; bill tracking list monthly by third Tuesday)
5. State regulatory monitoring (written report updated monthly related to water, energy, water agencies and JPAs, including FPPC developments)
6. State budget and fiscal proceedings monitoring (updates during weekly conference calls)
7. Energy regulatory advocacy including direct representation at the CPUC and CEC as needed (per specific direction by SAWPA staff)
8. State government regulatory relations including all key agencies and departments related to water and energy (updates during weekly conference calls)
9. Administration advocacy (updates during weekly conference calls)
10. Coordination of Sacramento and district legislative visits
  - a. Sacramento visits, preferably with members and SAWPA Commissioners or staff, on identified priority issues
  - b. Annually, goal of SAWPA Commissioners or staff meeting with each office in the Santa Ana River watershed delegation at least once, whether for issue advocacy or SAWPA education
  - c. Development of issue briefs and other legislative reports and talking points as necessary, in collaboration with SAWPA staff
11. Coordination with other trade associations including MWD, CSDA, ACWA, CASA, WateReuse and Cal Desal (relevant pre- and post-reports during weekly conference calls)
12. Identification of state funding opportunities (focused by priority goals per annual planning meeting)
13. Periodic communication and participation with SAWPA's Commission (including at least two briefing per year, normally July and November)(could be video or telephone)
14. FPPC compliance guidance and assistance (when requested)
15. Assist on securing speakers for the periodic OWOW conference.

## RESOLUTION NO. 2018-11

### A RESOLUTION OF THE COMMISSION OF THE SANTA ANA WATERSHED PROJECT AUTHORITY COMMENDING THOMAS P. EVANS FOR HIS SERVICE ON THE BOARD OF COMMISSIONERS

**WHEREAS**, Thomas P. Evans has served with distinction as the Western Municipal Water District representative to the Santa Ana Watershed Project Authority Board of Commissioners for more than eleven years, from January 2007 through December 2018 in both Alternate Commissioner and Commissioner capacities; and

**WHEREAS**, Mr. Evans provided firm, focused leadership during determinative and dynamic evolutionary periods of the Santa Ana Watershed Project Authority; and

**WHEREAS**, during his tenure of service, Mr. Evans was appointed Chair of the Santa Ana Watershed Project Authority Board of Commissioners and the Santa Ana Watershed Project Authority representative on the Lake Elsinore and San Jacinto Watersheds Authority Board of Directors; and,

**WHEREAS**, Mr. Evans championed and directed numerous significant, far-reaching accomplishments during his tenure, including:

- Unprecedented cooperation of numerous entities resulting in successful relocation of the Santa Ana River Interceptor (SARI) pipeline as part of the Santa Ana River Main Stem Project;
- Successfully resolved a protracted, longstanding disagreement between the Santa Ana Watershed Project Authority and the Orange County Sanitation District, thereby cementing a mutually successful, beneficial relationship enjoyed to the present day;
- Development and implementation of a highly successful and collaborative pretreatment program, with the Santa Ana Watershed Project Authority serving as Delegated Control Authority and the Orange County Sanitation District as Control Authority;
- Visionary leadership in recognizing added value of the Inland Empire Brine Line to the region, local business and to its customers;
- Completion and adoption of the One Water One Watershed (OWOW) 2.0 Plan, which was approved by the State of California with a perfect assessment score;
- Ratification and Granting of OWOW Round 2 Project Portfolio comprising 19 projects and representing a total investment of approximately \$168 Million;
- Securing a 2014 OWOW Emergency Drought Grant to support an Interregional Landscape Water Demand Reduction Program representing a water use efficiency investment of approximately \$22 Million; and
- Securing over \$55 Million of Proposition 84 grant funding for the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP), a watershed-scale, \$100 Million program developed by five regional water agencies in a collaborative effort to bank imported water for enhancing water supply reliability and increasing available dry year supplies throughout the Santa Ana River Watershed.

**WHEREAS**, the Santa Ana Watershed Project Authority Commission and staff wish to acknowledge the contributions of Thomas P. Evans over these many years of service.

**NOW, THEREFORE, BE IT RESOLVED** by the Santa Ana Watershed Project Authority Board of Commissioners as follows:

1. That the Santa Ana Watershed Project Authority Commission and staff acknowledge the contributions of Commissioner Thomas P. Evans to provide a reliable, high-quality water supply through environmentally responsible measures within the Santa Ana River Watershed; and,
2. That the Santa Ana Watershed Project Authority Commission and staff recognize Thomas P. Evans for his dedicated service and leadership to the water community and residents of Southern California; and,
3. That a copy of this Resolution No. 2018-11 be entered into the records of the Santa Ana Watershed Project Authority and an original presented to Mr. Evans.

**ADOPTED** this 20<sup>th</sup> day of November, 2018.

**SANTA ANA WATERSHED PROJECT AUTHORITY**

---

Mark Bulot, Chair

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Richard E. Haller, P.E., General Manager



## RESOLUTION NO. 2018-12

### A RESOLUTION OF THE COMMISSION OF THE SANTA ANA WATERSHED PROJECT AUTHORITY COMMENDING MARK BULOT FOR HIS SERVICE ON THE BOARD OF COMMISSIONERS

**WHEREAS**, Mark Bulot has served with distinction as the San Bernardino Valley Municipal Water District representative to the Santa Ana Watershed Project Authority Board of Commissioners for the majority of a thirteen-year span, from January 2005 through December 2018, in both Alternate Commissioner and Commissioner capacities; and

**WHEREAS**, Mr. Bulot provided firm, focused leadership during determinative and dynamic evolutionary periods of the Santa Ana Watershed Project Authority; and

**WHEREAS**, during his tenure of service, Mr. Bulot was appointed Chair of the Santa Ana Watershed Project Authority Board of Commissioners, serving in that capacity for several terms; and,

**WHEREAS**, Mr. Bulot championed and directed numerous significant, far-reaching accomplishments during his tenure, including:

- Successfully resolved a protracted, longstanding disagreement between the Santa Ana Watershed Project Authority and the Orange County Sanitation District, thereby cementing a mutually successful, beneficial relationship enjoyed to the present day;
- Unprecedented cooperation of numerous entities resulting in successful relocation of the Santa Ana River Interceptor (SARI) pipeline as part of the Santa Ana River Main Stem Project;
- Development and implementation of a highly successful and collaborative pretreatment program, with the Santa Ana Watershed Project Authority serving as Delegated Control Authority and the Orange County Sanitation District as Control Authority;
- Visionary leadership in recognizing added value of the Inland Empire Brine Line to the region, local business and to its customers;
- Completion and adoption of the One Water One Watershed (OWOW) 2.0 Plan, which was approved by the State of California with a perfect assessment score;
- Ratification and Granting of OWOW Round 2 Project Portfolio comprising 19 projects and representing a total investment of approximately \$168 Million;
- Securing a 2014 OWOW Emergency Drought Grant to support an Interregional Landscape Water Demand Reduction Program representing a water use efficiency investment of approximately \$22 Million; and
- Securing over \$55 Million of Proposition 84 grant funding for the Santa Ana River Conservation and Conjunctive Use Program (SARCCUP), a watershed-scale, \$100 Million program developed by five regional water agencies in a collaborative effort to bank imported water for enhancing water supply reliability and increasing available dry year supplies throughout the Santa Ana River Watershed.

**WHEREAS**, the Santa Ana Watershed Project Authority Commission and staff wish to acknowledge the contributions of Mark Bulot over these many years of service.

**NOW, THEREFORE, BE IT RESOLVED** by the Santa Ana Watershed Project Authority Board of Commissioners as follows:

1. That the Santa Ana Watershed Project Authority Commission and staff acknowledge the contributions of Commissioner Mark Bulot to provide a reliable, high-quality water supply through environmentally responsible measures within the Santa Ana River Watershed; and,
2. That the Santa Ana Watershed Project Authority Commission and staff recognize Mark Bulot for his dedicated service and leadership to the water community and residents of Southern California; and,
3. That a copy of this Resolution No. 2018-12 be entered into the records of the Santa Ana Watershed Project Authority and an original presented to Mr. Bulot.

**ADOPTED** this 20<sup>th</sup> day of November, 2018.

**SANTA ANA WATERSHED PROJECT AUTHORITY**

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Ronald W. Sullivan, Vice Chair

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Richard E. Haller, P.E., General Manager

Santa Ana Watershed Project Authority  
Cash Transaction Report  
Month of September 2018

Below is a summary of cash transactions completed during the month in the Authority's checking account with US Bank. Attached are summaries by major revenue and expense classifications.

Cash Receipts and Deposits to Account	\$ 1,812,538.25
Net Investment Transfers	10,687.71
Cash Disbursements	<u>(2,246,699.95)</u>
Net Change for Month	\$ (423,473.99)
Balance at Beginning of Month	<u>991,453.21</u>
Balance at End of Month per General Ledger	<u><u>\$ 567,979.22</u></u>
Collected Balance per Bank Statement	\$ 1,591,158.76

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**ACCOUNTS PAYABLE RECONCILIATION**

Accounts Payable Balance @ 08/31/18	\$ 3,620,285.57
Invoices Received for September 2018	1,477,226.09
Invoices Paid by check/wire during September 2018 (see attached register)	<u>(1,982,746.27)</u>
Accounts Payable Balance @ 09/30/18	<u><u>\$ 3,114,765.39</u></u>

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### CASH RECEIPTS

Brine Line Operating Revenues	\$	920,221.43
Participant Fees		669,126.00
LESJWA Admin Reimbursement		25,995.94
Grant Proceeds - Prop 84		114,853.80
Grant Proceeds - Prop 84 Pass-throughs		76,681.08
Other		<u>5,660.00</u>
Total Receipts and Deposits	\$	1,812,538.25

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### INVESTMENT TRANSFERS

Transfer of Funds:		
From (to) LAIF	\$	-
From (to) Grant Retention (USB)		-
From (to) CalTRUST (USB)		1,010.99
From (to) Legal Defense Fund		-
From (to) Investments		<u>9,676.72</u>
Total Investment Transfers	\$	10,687.71

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### CASH DISBURSEMENTS

By Check:		
Payroll	\$	-
Operations		<u>1,982,746.27</u>
Total Checks Drawn	\$	1,982,746.27
By Cash Transfer:		
Payroll	\$	180,779.46
Payroll Taxes		80,108.78
Take Care (AFLAC)		<u>3,065.44</u>
Total Cash Transfers	\$	263,953.68
Total Cash Disbursements	\$	<u>2,246,699.95</u>

**Santa Ana Watershed Project Authority**  
**Check Detail**  
**Sep-18**

Category	Check #	Check Date	Type	Vendor	Check Amount
Accrued Volumetric Costs	EFT02187	9/14/2018	CHK	Orange County Sanitation District	\$ 569,708.64
<b>Accrued Volumetric Costs Total</b>					<b>\$ 569,708.64</b>
Auto Expenses	3326	9/14/2018	CHK	County of Riverside/Transportation	\$ 582.40
Auto Expenses	3335	9/20/2018	CHK	County of Riverside	\$ 1,956.15
<b>Auto Expenses Total</b>					<b>\$ 2,538.55</b>
Benefits	3319	9/14/2018	CHK	ACWA/JPIA	\$ 50,460.45
Benefits	3321	9/14/2018	CHK	AFLAC	\$ 612.79
Benefits	3324	9/14/2018	CHK	Cal PERS Long Term Care Program	\$ 102.04
Benefits	3342	9/28/2018	CHK	Cal PERS Long Term Care Program	\$ 102.04
Benefits	3344	9/28/2018	CHK	WageWorks	\$ 140.00
Benefits	3345	9/28/2018	CHK	Mutual Of Omaha	\$ 2,974.78
Benefits	EFT02188	9/14/2018	CHK	Vantagepoint Transfer Agents	\$ 4,513.58
Benefits	EFT02191	9/14/2018	CHK	Vantagepoint Transfer Agents	\$ 360.50
Benefits	EFT02210	9/28/2018	CHK	Vantagepoint Transfer Agents	\$ 3,521.08
Benefits	EFT02217	9/28/2018	CHK	Vantagepoint Transfer Agents	\$ 360.50
Benefits	P034372	9/6/2018	WDL	Public Employees' Retirement	\$ 700.00
Benefits	P034419	9/14/2018	WDL	Public Employees' Retirement	\$ 19,747.65
Benefits	P034420	9/14/2018	WDL	CalPERS Supplemental Income	\$ 3,873.50
Benefits	P034574	9/28/2018	WDL	Public Employees' Retirement	\$ 19,747.65
Benefits	P034575	9/28/2018	WDL	CalPERS Supplemental Income	\$ 4,816.00
Benefits	WDL000004569	9/4/2018	WDL	Takecare	\$ 305.77
Benefits	WDL000004574	9/5/2018	WDL	Takecare	\$ 370.36
Benefits	WDL000004575	9/7/2018	WDL	Takecare	\$ 529.73
Benefits	WDL000004576	9/10/2018	WDL	Takecare	\$ 110.80
Benefits	WDL000004580	9/11/2018	WDL	Takecare	\$ 615.00
Benefits	WDL000004581	9/13/2018	WDL	Takecare	\$ 168.20
Benefits	WDL000004586	9/25/2018	WDL	Takecare	\$ 740.72
Benefits	WDL000004588	9/27/2018	WDL	Takecare	\$ 224.86
<b>Benefits Total</b>					<b>\$ 115,098.00</b>
Building Lease	3350	9/28/2018	CHK	Wilson Property Services, Inc	\$ 1,458.00
<b>Building Lease Total</b>					<b>\$ 1,458.00</b>
Computer Hardware	EFT02189	9/14/2018	CHK	Teledyne Isco, Inc.	\$ 720.80
Computer Hardware	EFT02220	9/28/2018	CHK	Accent Computer Solutions Inc	\$ 3,753.38
<b>Computer Hardware Total</b>					<b>\$ 4,474.18</b>
Computer Software	EFT02192	9/14/2018	CHK	Accent Computer Solutions Inc	\$ 13,332.00
Computer Software	EFT02195	9/20/2018	CHK	ESRI Inc.	\$ 15,000.00
Computer Software	EFT02220	9/28/2018	CHK	Accent Computer Solutions Inc	\$ 464.98
<b>Computer Software Total</b>					<b>\$ 28,796.98</b>
Consulting	3310	9/6/2018	CHK	Stantec	\$ 1,042.00
Consulting	3348	9/28/2018	CHK	Bartel & Associates	\$ 1,250.00
Consulting	EFT02183	9/6/2018	CHK	Dudek	\$ 6,221.25
Consulting	EFT02184	9/6/2018	CHK	Woodard & Curran Inc.	\$ 8,282.55
Consulting	EFT02186	9/6/2018	CHK	Hammons Strategies	\$ 1,815.00
Consulting	EFT02204	9/20/2018	CHK	Accent Computer Solutions Inc	\$ 4,145.21
Consulting	EFT02205	9/20/2018	CHK	Dudek	\$ 225.00
Consulting	EFT02211	9/28/2018	CHK	Risk Sciences	\$ 11,192.34
Consulting	EFT02213	9/28/2018	CHK	West Coast Advisors	\$ 11,500.00
Consulting	EFT02220	9/28/2018	CHK	Accent Computer Solutions Inc	\$ 1,650.00
Consulting	EFT02221	9/28/2018	CHK	Trussell Technologies, Inc.	\$ 24,732.36
Consulting	EFT02222	9/28/2018	CHK	Woodard & Curran Inc.	\$ 13,571.19
<b>Consulting Total</b>					<b>\$ 85,626.90</b>
Credit Cards	P034491	9/10/2018	WDL	US Bank	\$ 9,984.34
<b>Credit Cards Total</b>					<b>\$ 9,984.34</b>
Debt Service	3343	9/28/2018	CHK	State Water Resources Control Board	\$ 899,095.55
<b>Debt Service Total</b>					<b>\$ 899,095.55</b>
Director Costs	EFT02209	9/28/2018	CHK	Eastern Municipal Water District	\$ 480.66
Director Costs	EFT02212	9/28/2018	CHK	Western Municipal Water District	\$ 441.97
Director Costs	EFT02218	9/28/2018	CHK	Mark Bulot	\$ 32.70
Director Costs	EFT02223	9/28/2018	CHK	Jasmin Hall	\$ 56.68
Director Costs	EFT02225	9/28/2018	CHK	Susan Longville	\$ 32.70
Director Costs	EFT02226	9/28/2018	CHK	Kati Parker	\$ 29.43
Director Costs	EFT02227	9/28/2018	CHK	Bruce Whitaker	\$ 98.10

**Santa Ana Watershed Project Authority**  
**Check Detail**  
**Sep-18**

Category	Check #	Check Date	Type	Vendor	Check Amount
<b>Director Costs Total</b>					<b>\$ 1,172.24</b>
Employee Reimbursement	EFT02182	9/6/2018	CHK	Sara Villa	\$ 7.63
Employee Reimbursement	EFT02193	9/14/2018	CHK	Mike Antos	\$ 58.56
Employee Reimbursement	EFT02194	9/14/2018	CHK	Brian Collier	\$ 125.00
Employee Reimbursement	EFT02196	9/20/2018	CHK	Mark Norton	\$ 200.00
Employee Reimbursement	EFT02206	9/20/2018	CHK	Ian Achimore	\$ 305.78
Employee Reimbursement	EFT02208	9/28/2018	CHK	Richard Whetsel	\$ 20.60
Employee Reimbursement	EFT02224	9/28/2018	CHK	Alison L Lewis	\$ 622.18
<b>Employee Reimbursement Total</b>					<b>\$ 1,339.75</b>
Equipment Rented	3306	9/6/2018	CHK	Konica Minolta Business Solutions	\$ 764.77
Equipment Rented	3330	9/20/2018	CHK	Pitney Bowes Global Financial	\$ 345.78
Equipment Rented	3346	9/28/2018	CHK	GreatAmerica Financial Services	\$ 1,891.81
<b>Equipment Rented Total</b>					<b>\$ 3,002.36</b>
Facility Repair & Maintenance	3311	9/6/2018	CHK	TNT Elevator Inc	\$ 240.00
Facility Repair & Maintenance	3312	9/6/2018	CHK	TKE Engineering & Planning Inc.	\$ 635.00
Facility Repair & Maintenance	3313	9/6/2018	CHK	K&H Metals and Supplies	\$ 574.20
Facility Repair & Maintenance	3314	9/6/2018	CHK	Robertson's Ready Mix	\$ 416.97
Facility Repair & Maintenance	3316	9/6/2018	CHK	Heating & Air Conditioning Service	\$ 112.50
Facility Repair & Maintenance	3325	9/14/2018	CHK	Inland Water Works Supply Co.	\$ 395.98
Facility Repair & Maintenance	3327	9/14/2018	CHK	Heating & Air Conditioning Service	\$ 330.06
Facility Repair & Maintenance	3334	9/20/2018	CHK	O G Supply Inc.	\$ 269.11
Facility Repair & Maintenance	3336	9/20/2018	CHK	Inland Water Works Supply Co	\$ 5,030.86
Facility Repair & Maintenance	3337	9/20/2018	CHK	Tripac Marketing Inc.	\$ 98.96
Facility Repair & Maintenance	3338	9/20/2018	CHK	Sims Tree Health Specialists	\$ 480.00
Facility Repair & Maintenance	3347	9/28/2018	CHK	K&H Metals and Supplies	\$ 667.42
Facility Repair & Maintenance	3349	9/28/2018	CHK	RivCo Mechanical Services	\$ 254.48
Facility Repair & Maintenance	EFT02179	9/6/2018	CHK	Yeier Janitorial	\$ 427.00
Facility Repair & Maintenance	EFT02197	9/20/2018	CHK	Western Exterminator Co.	\$ 116.50
Facility Repair & Maintenance	EFT02200	9/20/2018	CHK	Green Meadows Landscape	\$ 625.00
Facility Repair & Maintenance	* EFT02201	9/20/2018	VOID	Innerline Engineering	\$ -
Facility Repair & Maintenance	EFT02207	9/20/2018	CHK	Riverside Cleaning	\$ 575.00
Facility Repair & Maintenance	EFT02215	9/28/2018	CHK	Innerline Engineering	\$ 4,745.25
Facility Repair & Maintenance	EFT02219	9/28/2018	CHK	A Cone Zone Inc	\$ 224.12
<b>Facility Repair &amp; Maintenance Total</b>					<b>\$ 16,218.41</b>
Insurance Services	3318	9/6/2018	CHK	Zenith Insurance Company	\$ 4,126.00
<b>Insurance Services Total</b>					<b>\$ 4,126.00</b>
Lab Costs	EFT02181	9/6/2018	CHK	E. S. Babcock & Sons, Inc.	\$ 2,107.00
Lab Costs	EFT02190	9/14/2018	CHK	E. S. Babcock & Sons, Inc.	\$ 877.00
Lab Costs	EFT02199	9/20/2018	CHK	E. S. Babcock & Sons, Inc.	\$ 1,157.00
Lab Costs	EFT02214	9/28/2018	CHK	E. S. Babcock & Sons, Inc.	\$ 1,338.00
<b>Lab Costs Total</b>					<b>\$ 5,479.00</b>
Legal Costs	EFT02202	9/20/2018	CHK	Best Best & Krieger LLP	\$ 354.00
<b>Legal Costs Total</b>					<b>\$ 354.00</b>
Office Expense	3303	9/6/2018	CHK	Aramark Corporation Refreshments	\$ 197.91
Office Expense	3309	9/6/2018	CHK	Awards & Specialties	\$ 17.40
Office Expense	3323	9/14/2018	CHK	Konica Minolta Business Solutions	\$ 721.61
Office Expense	3331	9/20/2018	CHK	Staples Business Advantage	\$ 680.76
Office Expense	EFT02203	9/20/2018	CHK	Iron Mountain	\$ 131.92
<b>Office Expense Total</b>					<b>\$ 1,749.60</b>
Other Contract Services	EFT02178	9/6/2018	CHK	Orange County Sanitation District	\$ 48,358.15
Other Contract Services	EFT02216	9/28/2018	CHK	Orange County Coastkeeper	\$ 2,112.10
Other Contract Services	EFT02228	9/28/2018	CHK	Western Municipal Water District	\$ 7,875.87
<b>Other Contract Services Total</b>					<b>\$ 58,346.12</b>
Payroll	WDL000004577	9/14/2018	WDL	Direct Deposit 9/14/2018	\$ 97,731.94
Payroll	WDL000004578	9/14/2018	WDL	PR Tax - Federal	\$ 34,531.45
Payroll	WDL000004579	9/14/2018	WDL	PR Tax - State	\$ 9,166.64
Payroll	WDL000004583	9/28/2018	WDL	Direct Deposit 9/28/2018	\$ 83,047.52
Payroll	WDL000004584	9/28/2018	WDL	PR Tax - Federal	\$ 29,130.46
Payroll	WDL000004585	9/28/2018	WDL	PR Tax - State	\$ 7,011.64
Payroll	WDL000004587	9/28/2018	WDL	PR Tax - State	\$ 268.59
<b>Payroll Total</b>					<b>\$ 260,888.24</b>
Prop84	3315	9/6/2018	CHK	Miller Spatial Services Inc	\$ 79,757.61

**Santa Ana Watershed Project Authority**  
**Check Detail**  
**Sep-18**

Category	Check #	Check Date	Type	Vendor	Check Amount
Prop84	EFT02185	9/6/2018	CHK	City of San Jacinto	\$ 76,681.08
Prop84	EFT02198	9/20/2018	CHK	Resource Strategies, Inc.	\$ 11,498.50
<b>Prop84 Total</b>					<b>\$ 167,937.19</b>
Safety	3333	9/20/2018	CHK	Cintas Corporation	\$ 194.54
Safety	EFT02180	9/6/2018	CHK	Underground Service Alert	\$ 219.55
<b>Safety Total</b>					<b>\$ 414.09</b>
Shipping/Postage	3332	9/20/2018	CHK	United Parcel Service	\$ 54.42
Shipping/Postage	3340	9/28/2018	CHK	Federal Express	\$ 235.02
<b>Shipping/Postage Total</b>					<b>\$ 289.44</b>
Temporary Services	3304	9/6/2018	CHK	AppleOne Employment Services	\$ 1,069.40
Temporary Services	3320	9/14/2018	CHK	AppleOne Employment Services	\$ 1,487.33
Temporary Services	3329	9/20/2018	CHK	AppleOne Employment Services	\$ 1,246.76
Temporary Services	3339	9/28/2018	CHK	AppleOne Employment Services	\$ 704.88
<b>Temporary Services Total</b>					<b>\$ 4,508.37</b>
Utilities	3305	9/6/2018	CHK	Riverside, City of	\$ 233.73
Utilities	3307	9/6/2018	CHK	Southern California Edison	\$ 223.26
Utilities	3308	9/6/2018	CHK	Burrtec Waste Industries Inc	\$ 77.00
Utilities	3317	9/6/2018	CHK	Verizon Wireless	\$ 267.12
Utilities	3322	9/14/2018	CHK	Riverside, City of	\$ 2,638.17
Utilities	3328	9/14/2018	CHK	Verizon Wireless	\$ 14.78
Utilities	3341	9/28/2018	CHK	AT&T	\$ 639.94
<b>Utilities Total</b>					<b>\$ 4,094.00</b>
<b>Grand Total</b>					<b>\$ 2,246,699.95</b>

Accounts Payable

Checks	\$ 1,923,877.13
Wire Transfers	\$ 58,869.14
	<u>\$ 1,982,746.27</u>

Bank Fees

Take Care	\$ 3,065.44
Other	
Payroll	<u>\$ 260,888.24</u>
	<u>\$ 2,246,699.95</u>

**Total Disbursements for September 2018**

Santa Ana Watershed Project Authority  
 Consulting  
 September 2018

Check #	Check Date	Task #	Task Description	Vendor Name	Total Contract	Check Amount	Remaining Contract Amount	Notes/Comments
EFT02204	9/20/2018	ACS100-09	IT Support	Accent Computer Solutions	\$ 186,800.00	\$ 4,145.21	\$ 178,425.85	
EFT02220	9/28/2018	ACS100-09	IT Support	Accent Computer Solutions	\$ 186,800.00	\$ 1,650.00	\$ 176,662.87	
3348	9/28/2018	BART100-03	GASB 68 Actuarial Information	Bartel & Associates	\$ 1,200.00	\$ 1,250.00	\$ -	
EFT02183	9/6/2018	DUDK373-04	OWOW Plan Update 2018	Dudek	\$ 38,740.00	\$ 6,221.25	\$ 32,518.75	
EFT02205	9/20/2018	DUDK326-06	Reach V Rehab, Phase 1, Tasks 3-4	Dudek	\$ 134,900.00	\$ 225.00	\$ 41,469.37	
EFT02186	9/6/2018	HAMM100-240-01	Technical Writing Services	Hammons Strategies	\$ 10,000.00	\$ 1,815.00	\$ 8,185.00	
EFT02211	9/28/2018	RISK374-07	Basin Monitoring TF	Risk Sciences	\$ 73,150.00	\$ 3,835.78	\$ 30,920.32	
EFT02211	9/28/2018	RISK384-09	MSAR TMDL TF	Risk Sciences	\$ 49,340.00	\$ 3,835.78	\$ 45,504.22	
EFT02211	9/28/2018	RISK386-09	Compliance Expert - RWQM TF	Risk Sciences	\$ 46,820.00	\$ 3,520.78	\$ 43,299.22	
3310	9/6/2018	STAN320-01	Alcoa Dike - BL Protection	Stantec	\$ 13,584.00	\$ 1,042.00	\$ 10,238.43	
EFT02221	9/28/2018	TRU240-20	BL Water Quality Monitoring	Trussell Technologies Inc	\$ 49,885.00	\$ 17,238.36	\$ 2,266.13	
EFT02221	9/28/2018	TRU240-21	BL Water Quality Monitoring Assessment	Trussell Technologies Inc	\$ 41,590.00	\$ 7,494.00	\$ 241,114.00	
EFT02213	9/28/2018	WCA100-03-02	State Legislative Consulting Services	West Coast Advisors	\$ 345,000.00	\$ 11,500.00	\$ 20,000.00	
EFT02184	9/6/2018	RMC504-401-01	SARCCUP Program Mgmt Services	Woodard & Curran Inc. (RMC)	\$ 310,429.00	\$ 8,282.55	\$ 4,773.91	
EFT02222	9/28/2018	RMC504-401-04	SARCCUP Program Mgmt Services	Woodard & Curran Inc. (RMC)	\$ 224,485.00	\$ 13,571.19	\$ 210,913.81	
					<b>\$ 85,626.90</b>			



**COMMISSION MEMORANDUM NO. 2018.115**

**DATE:** November 20, 2018  
**TO:** SAWPA Commission  
**SUBJECT:** Inter-Fund Borrowing – September 2018  
**PREPARED BY:** Karen Williams, Chief Financial Officer

**RECOMMENDATION**

It is recommended that the Commission receive and file the informational report on short-term, cash-flow inter-fund borrowing.

**DISCUSSION**

On December 13, 2005, the Commission approved Resolution No. 452, Inter-Fund and Inter-Project Loan Policy. Staff was directed to bring back an accounting of the loans each month for review when the total exceeded \$250,000 in aggregate.

The following projects, with negative cash flow, are listed below with the amounts borrowed from SAWPA General Fund Reserves in September 2018. The total amount borrowed is over the aggregate \$250,000 amount recommended in Resolution No. 452, Inter-Fund and Inter-Project Loan Policy. The Commission has requested that this item be brought back each month as an informational item when the loan amount is over the \$250,000 aggregate amount.

Fund	Fund Name	08/31/18 Balance	Loan Receipts	New Charges	09/30/18 Balance
130	Proposition 84 Admin	\$73,628.42	(\$0.00)	\$8,352.81	\$81,981.23
135	Proposition 84 Admin R2	71,122.12	(0.00)	6,014.18	77,136.30
140	Proposition 84 Admin R3	57,009.92	(12,233.98)	9,618.69	54,394.63
145	Proposition 84 Admin R4	123,624.87	(0.00)	10,102.85	133,727.72
398	Proposition 1 – DACI Grant	92,321.37	(0.00)	9,365.90	101,687.27
477	LESJWA Administration	24,634.00	(25,995.94)	16,858.36	15,496.42
504	Prop 84 - Drought Projects	166,080.69	(102,619.82)	130,415.02	193,875.89
	<b>Total Funds Borrowed</b>	<b>\$608,421.39</b>	<b>(\$140,849.74)</b>	<b>\$190,727.81</b>	<b>\$658,299.46</b>
	General Fund Reserves Balance		\$3,223,630.29		
	Less Amount Borrowed		<u>658,299.46</u>		
	Balance of General Fund Reserves		<u>\$2,565,330.83</u>		

The following table lists each fund that has a negative cash flow, the source of funding for the fund, how often the fund is billed, and the projected rate of payment for the fund.

**NEGATIVE CASH-FLOW FUNDS**

<b>Fund No.</b>	<b>Source of Funding</b>	<b>Billing Frequency</b>	<b>Projected Payment Time</b>
130,135,140, 145 – Proposition 84 Admin	DWR – Prop 84 Grant	Monthly/Quarterly	Up to 4 months
398 – Proposition 1 – DACI Grant	DWR – Prop 1 Grant	Monthly	Up to 4 months
477 – LESJWA Admin	Reimbursement from LESJWA	Monthly	2 to 4 weeks
504 - Proposition 84 Drought Projects	DWR – Prop 84 Grant	Monthly	Up to 4 months
504 – Proposition 84 SARCCUP Projects	DWR – Prop 84 Grant	Monthly/Quarterly	Up to 4 month

**Fund 130**

The outstanding balance of the funds due from DWR is the mandatory 10% retention from each invoice billed. Retention funds will not be released until the Proposition 84 Round I contract is completed in 2018.

**Fund 135**

This fund is for the administration of Proposition 84 Round II grant funds. These funds will be billed quarterly and 10% will be withheld for retention.

**Fund 140**

This fund is for the administration of Proposition 84 Drought Round grant funds. These funds will be billed monthly and 10% will be withheld for retention.

**Fund 145**

This fund is for the administration of Proposition 84 Round 2015 grant funds. These funds will be billed quarterly and 10% will be withheld for retention.

**Fund 398**

This fund is for the Proposition 1 DACI grant project. These funds will be billed monthly once the contracts with DWR have been signed.

**Fund 477**

Each month LESJWA is billed the cost for administering the JPA. Once the bill is received, LESJWA submits payment within two weeks.

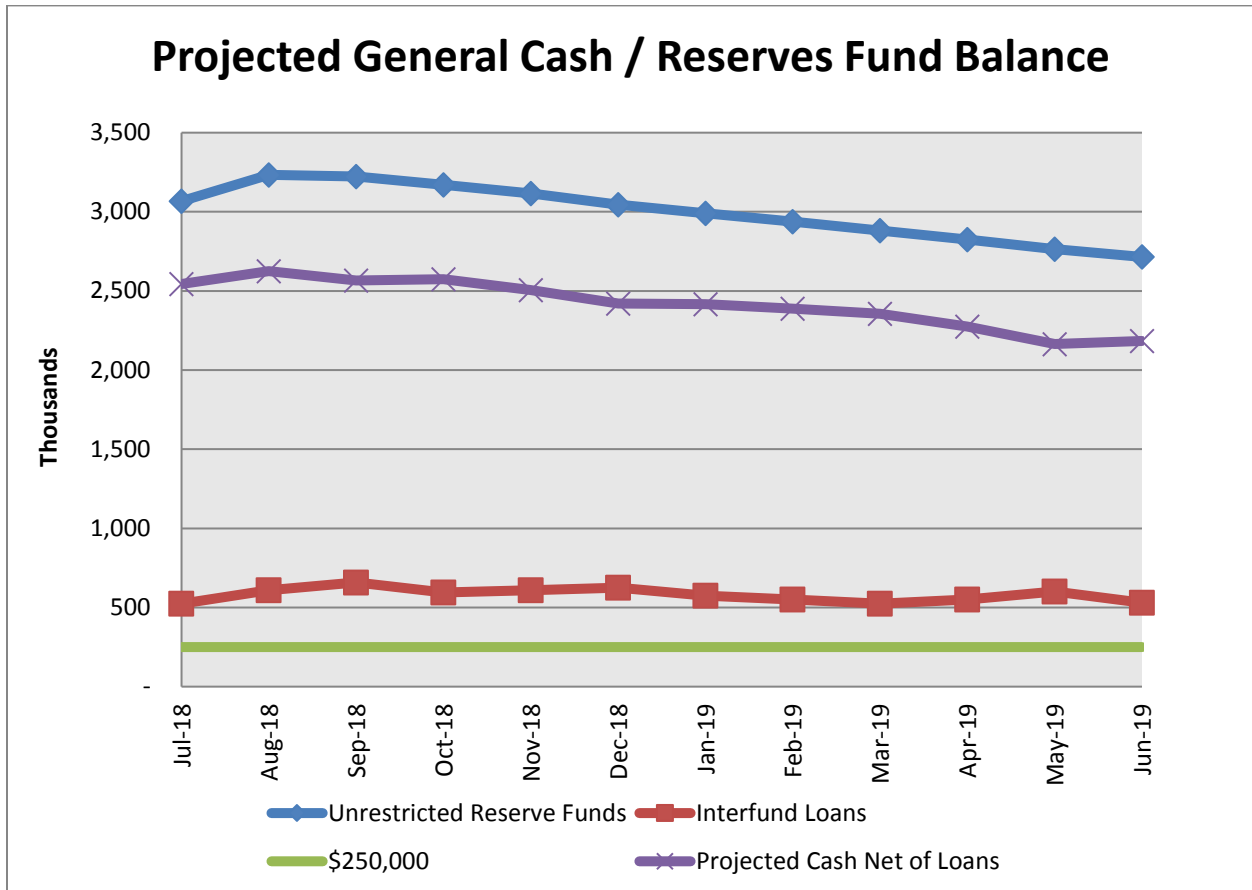
**Fund 504**

This fund is for the implementation of drought related projects and SARCCUP projects which are administered through PA22 and PA23.

The following graph shows the total budget, total project costs to date, and the amount remaining on each grant.

Fund	Fund Name	Total Budget	Project Costs Through 09/30/18	Remaining Grant Budget
130	Proposition 84 Admin R1	\$660,004	(\$499,082)	\$160,922
135	Proposition 84 Admin R2	627,405	(415,741)	211,664
140	Proposition 84 Admin R3	625,000	(571,039)	53,961
145	Proposition 84 Admin R4	3,213,384	(524,150)	2,689,234
373	OWOW Planning Grant	250,000	(121,726)	128,274
397	Energy Water DAC Grant (WECAN)	2,339,823	(2,180,654)	159,169
398	Proposition 1 – DACI Grant	1,362,741	(746,805)	615,936
504	Prop 84 - Drought Projects	6,962,610	(2,990,556)	3,972,054
504	Prop 84 – 2015 Round (SARCCUP)	1,000,000	(455,304)	544,696
Totals		\$17,040,967	(\$8,505,057)	\$8,535,910

The following graph shows projected inter-fund loan balances, total unrestricted General Fund Reserves available for loans, and projected cash net of loans through June 2019. The projected loan balance is expected to remain over the \$250,000 aggregate limit through June 2019 because of Proposition 1 and 84 grants, but can be covered by General Fund Reserves without a major impact on cash flow.



**RESOURCE IMPACTS**

The funds borrowed from the General Fund Reserves will be paid back with interest when the funding is received. Interfund loans for grants are not charged interest unless the grant contracts specifically states interest is eligible for reimbursement. There is sufficient cash available to cover proposed borrowings and to pay budgeted expenditures for the General Fund.

## COMMISSION MEMORANDUM NO. 2018.116

**DATE:** November 20, 2018

**TO:** SAWPA Commission

**SUBJECT:** Performance Indicators and Financial Reporting – September 2018

**PREPARED BY:** Karen Williams, Chief Financial Officer

### RECOMMENDATION

It is recommended that the Commission receive and file staff's report.

### DISCUSSION

The attached reports have been developed to keep the Commission informed as to SAWPA's business and budget performance. These reports are categorized into the following groups: financial reporting, cash and investments, and performance indicators. They are explained in detail below. As new reports are developed, they will be added for the Commission's review.

#### Financial Reporting

Balance Sheet by Fund Type	Lists total assets, liabilities, and equity by fund type for a given period.
Revenue & Expense by Fund Type	Lists total revenue and expenses by fund type for a given period.
Receivables Management	Shows total outstanding accounts receivable by age.
Open Task Order Schedule	Shows SAWPA's total outstanding obligation for open task orders.
List of SAWPA Funds	Shows each SAWPA Fund with the fund description and fund group.
Debt Service Funding Analysis	Shows total annual income by source used to make debt service payments through debt maturity at FYE 2048.
Debt Service Payment Schedule	Shows total debt service interest and principal payments through debt maturity at FYE 2048.

#### Cash and Investments

Total Cash and Investments (chart)	Shows the changes in cash and investments balance for the last twelve months.
Cash Balance & Source of Funds	Shows total cash and investments for all SAWPA funds and the types of investments held for each fund.
Cash & Investments (pie chart)	Shows total cash and investments for all SAWPA funds and the percentage of each investment type.
Reserve Account Analysis	Shows changes to each reserve account for the year and projected ending balance for each.
Twelve Month Security Schedule (chart)	Shows the maturity dates for securities held and percentage of securities in each category.

Treasurer's Report	Shows book and market value for both Treasury strips and securities held by the Agency.
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**Performance Indicators**

Average Daily Flow by Month	Shows total flow in the Brine Line System by month compared to total treatment capacity owned. This is an indicator of the available capacity in the line. As we add yearly flows, it will show trends in flow throughout the year.
Summary of Labor Multipliers	Summarizes the information generated from the following two reports and compares the actual benefit and Indirect Cost Allocation rates to the total budgeted rates.
General Fund Costs	Lists total Fund No. 100 costs to date and the amount of those costs recovered through the Indirect Cost Allocation and member contributions.
Benefit Summary	Lists total employee benefit costs actual to budget and projects them through the end of the year. This report compares how the actual benefit rate compares to the budgeted rate.
Labor Hours Budget vs. Actual	Shows total budgeted hours for each project and compares them to the actual hours charged to each.

**RESOURCE IMPACTS**

Staff expects minimal impacts to SAWPA or its member agencies related to this effort.

Attachments:

- |                                       |   |
|---------------------------------------|---|
| 1. Balance Sheet by Fund Type         | 10. Reserve Account Analysis                    |
| 2. Revenue & Expense by Fund Type     | 11. Twelve-Month Maturity Schedule - Securities |
| 3. Accounts Receivable Aging Report   | 12. Treasurer's Report                          |
| 4. Open Task Order Schedule           | 13. Average Daily Flow by Month                 |
| 5. List of SAWPA Funds                | 14. Summary of Labor Multipliers                |
| 6. Debt Service Funding Analysis      | 15. General Fund Costs                          |
| 7. Debt Service Payment Schedule      | 16. Benefits                                    |
| 8. Total Cash and Investments (chart) | 17. Labor Hours Budgeted vs. Actual             |
| 9. Cash Balance & Source of Funds     |   |

Santa Ana Watershed Project Authority  
Balance Sheet by Fund Type  
For the Two Months Ending Friday, August 31, 2018

	General Fund	Brine Line Enterprise	Capital Projects	OWOW Projects	Roundtable Projects	Fund Totals
<b>Assets</b>						
<b>Current Assets</b>						
Cash and Investments	\$4,248,051.24	\$41,615,518.70	\$4,609,081.17	\$723,800.73	\$2,423,498.58	\$53,619,950.42
Accounts Receivable	46,000.00	1,830,766.78	0.00	4,098,627.20	497,714.94	6,473,108.92
Interest Receivable	0.00	5,042.00	0.00	0.00	0.00	5,042.00
Prepays and Deposits	29,096.24	93,909.36	0.00	0.00	0.00	123,005.60
<b>Total Current Assets</b>	<b>4,323,147.48</b>	<b>43,545,236.84</b>	<b>4,609,081.17</b>	<b>4,822,427.93</b>	<b>2,921,213.52</b>	<b>60,221,106.94</b>
<b>Fixed Assets</b>						
Property, Plant & Equipment						
less accum depreciation	1,163,722.44	59,643,913.95	0.00	0.00	0.00	60,807,636.39
Work In Process	0.00	0.00	28,125,629.46	0.00	0.00	28,125,629.46
<b>Total fixed assets</b>	<b>1,163,722.44</b>	<b>59,643,913.95</b>	<b>28,125,629.46</b>	<b>0.00</b>	<b>0.00</b>	<b>88,933,265.85</b>
<b>Other Assets</b>						
Wastewater treatment/disposal rights, net of amortization	0.00	27,300,429.73	0.00	0.00	0.00	27,300,429.73
Inventory - Mitigation Credits	0.00	0.00	0.00	0.00	1,910,560.00	1,910,560.00
<b>Total Other Assets</b>	<b>0.00</b>	<b>27,300,429.73</b>	<b>0.00</b>	<b>0.00</b>	<b>1,910,560.00</b>	<b>29,210,989.73</b>
<b>Total Assets</b>	<b>\$5,486,869.92</b>	<b>\$130,489,580.52</b>	<b>\$32,734,710.63</b>	<b>\$4,822,427.93</b>	<b>\$4,831,773.52</b>	<b>\$178,365,362.52</b>
<b>Liabilities and Fund Equity</b>						
<b>Current Liabilities</b>						
Accounts Payable/Accrued Expenses	\$622,603.76	\$849,972.09	\$222,783.74	\$2,958,467.20	\$16,045.75	\$4,669,872.54
Accrued Interest Payable	0.00	247,533.06	194,805.78	0.00	0.00	442,338.84
Customer Deposits	10,000.00	0.00	0.00	0.00	451,275.71	461,275.71
<b>Noncurrent Liabilities</b>						
Long-term Debt	4,327,604.00	16,641,350.69	12,374,940.00	0.00	0.00	33,343,894.69
Deferred Revenue	0.00	70,209,133.50	0.00	0.00	0.00	70,209,133.50
<b>Total Liabilities</b>	<b>4,960,207.76</b>	<b>87,947,989.34</b>	<b>12,792,529.52</b>	<b>2,958,467.20</b>	<b>467,321.46</b>	<b>109,126,515.28</b>
<b>Fund Equity</b>						
Contributed Capital	0.00	20,920,507.03	0.00	0.00	0.00	20,920,507.03
Retained Earnings	1,330,766.05	21,458,911.90	20,231,802.56	985,966.44	3,576,972.00	47,584,418.95
Revenue Over/Under Expenditures	(804,103.89)	162,172.25	(289,621.45)	877,994.29	787,480.06	733,921.26
<b>Total Fund Equity</b>	<b>526,662.16</b>	<b>42,541,591.18</b>	<b>19,942,181.11</b>	<b>1,863,960.73</b>	<b>4,364,452.06</b>	<b>69,238,847.24</b>
<b>Total Liabilities &amp; Fund Equity</b>	<b>\$5,486,869.92</b>	<b>\$130,489,580.52</b>	<b>\$32,734,710.63</b>	<b>\$4,822,427.93</b>	<b>\$4,831,773.52</b>	<b>\$178,365,362.52</b>

**Santa Ana Watershed Project Authority**  
**Revenue & Expenses by Fund Type**  
**For the Two Months Ending Friday, August 31, 2018**

	General Fund	Brine Line Enterprise	Capital Projects	OWOW Projects	Roundtable Projects	Fund Totals
<b>Operating Revenue</b>						
Discharge Fees	\$0.00	\$1,838,096.49	\$0.00	\$0.00	\$0.00	\$1,838,096.49
Grant Proceeds	0.00	0.00	0.00	242,345.48	0.00	242,345.48
Financing Proceeds	0.00	0.00	0.00	0.00	25,935.06	25,935.06
Total Operating Revenue	0.00	1,838,096.49	0.00	242,345.48	25,935.06	2,106,377.03
<b>Operating Expenses</b>						
Labor	300,682.41	177,632.99	8,738.20	94,228.11	21,672.06	602,953.77
Benefits	104,237.42	77,625.62	3,818.59	41,177.70	9,470.69	236,330.02
Indirect Costs	0.00	250,640.13	12,329.59	132,955.85	30,579.28	426,504.85
Education & Training	1,441.52	0.00	0.00	0.00	0.00	1,441.52
Consulting & Professional Services	51,736.26	26,308.36	264,732.62	224,059.72	17,322.43	584,159.39
Operating Costs	353.88	240,561.03	0.00	0.00	0.00	240,914.91
Repair & Maintenance	6,531.91	13,555.16	0.00	0.00	0.00	20,087.07
Phone & Utilities	10,356.09	1,507.72	0.00	0.00	0.00	11,863.81
Equipment & Computers	50,922.27	31,207.46	0.00	0.00	0.00	82,129.73
Meeting & Travel	3,201.81	63.56	2.45	3,784.01	6.54	7,058.37
Other Administrative Costs	21,693.95	11,981.93	0.00	130.00	10,000.00	43,805.88
Benefits Applied	155,975.20	0.00	0.00	0.00	0.00	155,975.20
Indirect Costs Applied	(430,490.00)	0.00	0.00	0.00	0.00	(430,490.00)
Other Expenses	21,239.78	18,636.06	0.00	0.00	0.00	39,875.84
Construction	0.00	0.00	0.00	106,735.80	0.00	106,735.80
Total Operating Expenses	297,882.50	849,720.02	289,621.45	603,071.19	89,051.00	2,129,346.16
Operating Income (Loss)	(297,882.50)	988,376.47	(289,621.45)	(360,725.71)	(63,115.94)	(22,969.13)
<b>Nonoperating Income (Expense)</b>						
Member Contributions	650,695.00	0.00	0.00	801,000.00	20,000.00	1,471,695.00
Other Agency Contributions	0.00	0.00	0.00	437,720.00	830,596.00	1,268,316.00
Interest Income	0.00	31,702.26	0.00	0.00	0.00	31,702.26
Interest Expense - Debt Service	0.00	(13,630.57)	0.00	0.00	0.00	(13,630.57)
Other Income	330.34	34.38	0.00	0.00	0.00	364.72
Use of Reserves	(13,380.03)	0.00	0.00	0.00	0.00	(13,380.03)
Total Nonoperating Income (Expense)	637,645.31	18,106.07	0.00	1,238,720.00	850,596.00	2,745,067.38
Excess Rev over (under) Exp	<u>\$339,762.81</u>	<u>\$1,006,482.54</u>	<u>(\$289,621.45)</u>	<u>\$877,994.29</u>	<u>\$787,480.06</u>	<u>\$2,722,098.25</u>



Aging Report  
Santa Ana Watershed Project Authority  
Receivables as of September 30, 2018

Customer Name	Project	Total	0-30 Days	31-60 Days	61 and Over
Beaumont Cherry Valley Water District	Basin Monitoring TF	13,712.00			13,712.00
Chino Basin Desalter Authority	Brine Line	303,381.33	151,971.47	151,409.86	
Department of Water Resources	Prop 84, WECAN	3,258,568.21		205,044.86	3,053,523.35
Eastern Municipal Water District	Brine Line	360,284.07	181,987.53	178,296.54	
Inland Empire Utilities Agency	Brine Line, Emerging Constituents	235,416.53	100,795.74	130,223.50	4,397.29
City of Jurupa Valley	MSAR TMDL	14,018.00			14,018.00
Lake Elsinore & San Jacinto Watersheds Authority	LESJWA Administration	16,858.36		16,858.36	
Orange County Water District	Member Agency Contributions, SA Sucker	61,000.00			61,000.00
Riverside, City of	SA Sucker	4,000.00			4,000.00
San Bernardino County	RWQ Monitoring TF, MSAR TMDL	227,051.00			227,051.00
San Bernardino Valley Municipal Water District	Brine Line	196,958.77	96,661.90	100,296.87	
Western Municipal Water District	Brine Line	689,124.19	340,059.13	349,065.06	
Total Accounts Receivable		5,380,372.46	871,475.77	1,131,195.05	3,377,701.64

Santa Ana Watershed Project Authority  
Open Task Orders Schedule  
Sep-18  
(Reflects Invoices Received as of 10/12/18)

Task Order No. Project Contracts	Fund No.	Vendor Name	Task Description	Begin Date	End Date	Original Contract	Change Orders	Total Contract	Billed To Date	Contract Balance	SAWPA Manager	Comments
ACS100-11	100-00	Accent Computer Solutions	IT Support	08/08/2018	06/30/2020	\$ 186,800.00	\$ -	\$ 186,800.00	\$ 19,377.69	\$ 167,422.31	Dean Unger	
HAMM100-240-01	100/240	Hammons Strategies	Technical Writing - SAWPA/BL	07/01/2018	06/30/2019	\$ 10,000.00	\$ -	\$ 10,000.00	\$ 2,530.00	\$ 7,470.00	Rich Haller	
INSOL100-11	100-00	Integrated Systems Solutions	Management of Info Systems & Technology	08/01/2018	06/30/2019	\$ 3,000.00	\$ -	\$ 3,000.00		\$ 3,000.00	Dean Unger	
NICO100-05	100-00	Nicolay Consulting Group	GASB 45/75 Transisiton Plan	08/22/2017	06/30/2019	\$ 7,200.00	\$ 900.00	\$ 8,100.00	\$ 5,700.00	\$ 2,400.00	Karen Williams	
TEAM100-07	100-00	Teaman, Ramirez, & Smith	Auditing Services	06/05/2018	06/30/2021	\$ 79,500.00	\$ -	\$ 79,500.00	\$ 7,500.00	\$ 72,000.00	Karen Williams	
TTD100-04	100-00	The Technology Depot	Phone Support	08/17/2018	06/30/2019	\$ 5,000.00	\$ -	\$ 5,000.00	\$ 693.75	\$ 4,306.25	Dean Unger	
WCA100-03-02	100-03	West Coast Advisors	State Legislative Consulting FY16-18	11/24/2015	12/31/2018	\$ 345,000.00	\$ -	\$ 345,000.00	\$ 333,500.00	\$ 11,500.00	Rich Haller	
DOUG240-03	240	Douglas Environmental	Brine Line Meter Calibration	07/01/2018	06/30/2020	\$ 25,620.00		\$ 25,620.00		\$ 25,620.00	Carlos Quintero	On Call
WO2019-04	240	E S Babcock	Brine Line Sample Collection & Analysis	07/01/2018	06/30/2019	\$ 86,454.00	\$ -	\$ 86,454.00	\$ 17,194.00	\$ 69,260.00	Carols Quintero	
HAZ240-09	240	Haz Mat Trans Inc	On Call Draining & Emergency Clean Up	07/01/2018	06/30/2020	\$ 96,665.00	\$ -	\$ 96,665.00		\$ 96,665.00	Carlos Quintero	On Call
HAZ240-10	240	Haz Mat Trans Inc	BL Debris Hauling & Disposal services	07/01/2018	06/30/2020	\$ 34,800.00		\$ 34,800.00		\$ 34,800.00	Carlos Quintero	On Call
HOU240-04	240	Houston Harris PCS Inc	Brine Line On Call Inspection Services	07/01/2018	06/30/2020	\$ 96,448.00	\$ -	\$ 96,448.00		\$ 96,448.00	Carlos Quintero	On Call
INN240-03	240	Innerline Engineering Inc	Brine Line On-Call Line Cleaning	07/01/2018	06/30/2020	\$ 151,020.00		\$ 151,020.00	\$ 2,164.50	\$ 148,855.50	Carlos Quintero	On Call
TRU240-20	240	Trussell Technologies	BL Water Quality Analysis	09/07/2017	10/31/2018	\$ 49,885.00	\$ -	\$ 49,885.00	\$ 49,882.87	\$ 2.13	Carlos Quintero	
TRU240-21	240	Trussel Technologies	BL Monitoring Assesment	01/04/2018	09/30/2018	\$ 41,590.00	\$ -	\$ 41,590.00	\$ 19,052.00	\$ 22,538.00	Carlos Quintero	
WO2019-01	240	WMWD	Sample Collection & Analysis	07/01/2018	06/30/2019	\$ 80,000.00	\$ -	\$ 80,000.00	15,155.08	\$ 64,844.92	David Ruhl	
WO2019-02	240	WMWD	Brine Line Operations & Maintenance	07/01/2018	06/30/2019	\$ 25,000.00	\$ -	\$ 25,000.00	1,779.40	\$ 23,220.60	Carlos Quintero	
STAN320-01	320	Stantec	Alcoa Dike - BL Protection	05/30/2018	12/31/2018	\$ 13,584.00	\$ -	\$ 13,584.00	3,345.57	\$ 10,238.43	David Ruhl	
DUDK326-06	326	Dudek	Reach V Rehabilitation - Ph I, Tasks 3-4	03/03/2017	06/30/2019	\$ 134,900.00	\$ -	\$ 134,900.00	\$ 93,430.63	\$ 41,469.37	David Ruhl	
VALI326-04	326	Vali Cooper & Associates Inc	IEBL Reach V Rehabilitation	03/15/2017	06/30/2019	\$ 1,252,400.00	\$ -	\$ 1,252,400.00	\$ 816,066.53	\$ 436,333.47	David Ruhl	
W&C327-01	327	Woodard & Curran	4D Rehabilitation - Engineering Services	04/11/2018	12/31/2018	\$ 226,649.00	\$ -	\$ 226,649.00	\$ 166,853.73	\$ 59,795.27	David Ruhl	
BLAIS370-02	370-01	Blais & Associates	Grant Needs Assessment & Grant Monitoring	10/01/2018	12/31/2019	\$ 24,700.00	\$ -	\$ 24,700.00	\$ -	\$ 24,700.00	Ian Achimore	
DUDK373-01	373	Dudek	Technical Writing - OWOW Plan Update 2018 (phase 1)	12/19/2017	12/31/2018	\$ 25,600.00	\$ 8,725.00	\$ 34,325.00	\$ 34,325.00	\$ -	Mark Norton	
DUDK373-04	373	Dudek	Technical Writing - OWOW Plan Update 2018 (phase 2)	07/30/2018	06/30/2018	\$ 38,740.00	\$ -	\$ 38,740.00	\$ 38,730.00	\$ 10.00	Mike Antos	

Santa Ana Watershed Project Authority  
Open Task Orders Schedule  
Sep-18  
(Reflects Invoices Received as of 10/12/18)

Task Order No. Project Contracts	Fund No.	Vendor Name	Task Description	Begin Date	End Date	Original Contract	Change Orders	Total Contract	Billed To Date	Contract Balance	SAWPA Manager	Comments
GEOS374-01	374	GeoScience Support Service	SAR WLA Model Update	02/01/2017	12/31/2018	\$ 249,800.00	\$ 35,446.00	\$ 285,246.00	\$ 281,005.00	\$ 4,241.00	Mark Norton	
RISK374-07	374	Risk Sciences	Basin Monitoring TF	11/06/2017	12/31/2018	\$ 73,150.00	\$ -	\$ 73,150.00	\$ 45,278.65	\$ 27,871.35	Mark Norton	
SAWA381-01	381	Santa Ana Watershed Association	Van Buren Bridge Suker Restoration	09/26/2018	12/31/2019	\$ 15,130.20	\$ -	\$ 15,130.20	\$ -	\$ 15,130.20	Ian Achimore	
SCH381-01	381	Scheevel Engineering	S.A. Sucker - Beneficial Use Project	04/18/2017	12/31/2018	\$ 96,725.00	\$ -	\$ 96,725.00	\$ 85,097.75	\$ 11,627.25	Ian Achimore	
SCH381-02	381	Scheevel Engineering	S.A. Sucker - Habitat Construction Management	09/17/2018	12/31/2019	\$ 12,300.00	\$ -	\$ 12,300.00	\$ -	\$ 12,300.00	Ian Achimore	
CDM384-15	384-01	CDM Smith	CBRP Implementation Support (Cucamonga)	02/08/2017	12/31/2018	\$ 12,135.00	\$ -	\$ 12,135.00	\$ 5,399.64	\$ 6,735.36	Mark Norton	
RISK384-09	384-01	Risk Sciences	MSAR TMDL Task Force	07/01/2018	06/30/2019	\$ 49,340.00	\$ -	\$ 49,340.00	\$ 3,835.78	\$ 45,504.22	Rick Whetsel	
CDM386-13	386	CDM Smith	Regional Bacteria Monitoring Program	07/01/2018	06/30/2019	\$ 324,914.00		\$ 324,914.00		\$ 324,914.00	Rick Whetsel	
RISK386-10	386	Risk Sciences	Compliance Expert - RWQM TF	07/01/2018	06/30/2019	\$ 46,820.00	\$ -	\$ 46,820.00	\$ 3,520.78	\$ 43,299.22	Rick Whetsel	
SAWA387-06	387	Santa Ana Watershed Association	Arundo Surveying	07/17/2018	08/31/2019	\$ 23,000.00	\$ -	\$ 23,000.00	\$ -	\$ 23,000.00	Ian Achimore	
DEGR392-04	392	DeGrave Communications	Social Media Support - EC TF	07/01/2018	06/30/2019	\$ 30,000.00	\$ -	\$ 30,000.00	\$ 5,976.14	\$ 24,023.86	Mark Norton	
PO3289	397	CAPOC	Green House Gas Contract - WECAN	06/27/2016	10/31/2018	\$ 16,628.00	\$ -	\$ 16,628.00	\$ 4,592.60	\$ 12,035.40	Mike Antos	
PO3377	397	CAPR	Green House Gas Contract - WECAN	10/31/2016	10/31/2018	\$ 85,000.00	\$ -	\$ 85,000.00	\$ 85,850.00	\$ (850.00)	Mike Antos	
PO3285	397	CAPSB	Green House Gas Contract - WECAN	06/20/2016	10/31/2018	\$ 868,153.00	\$ -	\$ 868,153.00	\$ 540,312.88	\$ 327,840.12	Mike Antos	
ECOT397-01	397	Ecotech	WECAN Landscaping Project	05/26/2016	10/31/2018	\$ 1,300,000.00	\$ 82,000.00	\$ 1,382,000.00	\$ 1,303,670.80	\$ 78,329.20	Mike Antos	
ECOT397-02	397	Ecotech	WECAN Landscaping Project	04/04/2017	10/30/2018	\$ 612,000.00	\$ -	\$ 612,000.00	\$ 564,349.00	\$ 47,651.00	Mike Antos	
ECOT397-03	397	Ecotech	WECAN Landscaping Project	03/13/2018	09/30/2018	\$ 27,600.00	\$ -	\$ 27,600.00	\$ 5,900.00	\$ 21,700.00	Mike Antos	
GMC397-01	397	Green Media Creations	WECAN Outreach and Management	05/26/2016	10/31/2018	\$ 170,000.00	\$ 20,000.00	\$ 190,000.00	\$ 175,181.55	\$ 14,818.45	Mike Antos	
GMC397-02	397	Green Media Creations	WVWD Turf Removal	04/11/2017	10/30/2018	\$ 80,000.00		\$ 80,000.00	\$ 79,744.32	\$ 255.68	Mike Antos	
PO3466	398	California Rural Water Association	Disadvantaged Communities Grant	07/19/2017	04/30/2020	\$ 240,000.00	\$ -	\$ 240,000.00	\$ 90,517.07	\$ 149,482.93	Mike Antos	
DEGR398-01	398	Degrave Communications	Social Meida Support	03/20/2018	06/30/2019	\$ 78,434.00	\$ -	\$ 78,434.00	\$ 7,510.48	\$ 70,923.52	Mike Antos	
PO3463	398	Local Government Commission	Disadvantaged Communities Grant	07/19/2017	04/30/2020	\$ 442,000.00	\$ -	\$ 442,000.00	\$ 192,666.58	\$ 249,333.42	Mike Antos	
PO3551	398	UC Irvine	Disadvantaged Communities Grant	11/06/2017	04/30/2020	\$ 105,000.00	\$ 22,000.00	\$ 127,000.00	\$ 124,693.67	\$ 2,306.33	Mike Antos	
PO3465	398	University Enterprises Corporation	Disadvantaged Communities Grant	07/19/2017	04/30/2020	\$ 1,290,500.00	\$ -	\$ 1,290,500.00	\$ 117,650.45	\$ 1,172,849.55	Mike Antos	

Santa Ana Watershed Project Authority  
Open Task Orders Schedule  
Sep-18  
(Reflects Invoices Received as of 10/12/18)

Task Order No. Project Contracts	Fund No.	Vendor Name	Task Description	Begin Date	End Date	Original Contract	Change Orders	Total Contract	Billed To Date	Contract Balance	SAWPA Manager	Comments
PO3464	398	Water Education Foundation	Disadvantaged Communities Grant	07/19/2017	04/30/2020	\$ 150,000.00	\$ -	\$ 150,000.00	\$ 8,954.25	\$ 141,045.75	Mike Antos	
CVS504-301-01	504-00	CV Strategies	FAQ on Conservation Based Rates	11/29/2016	03/31/2019	\$ 25,000.00	\$ 15,750.00	\$ 40,750.00	\$ 20,658.75	\$ 20,091.25	Ian Achimore	
MSS504-301-01	504-00	Miller Spatial Services	Geocoding & Business Type Classification	08/24/2017	12/31/2018	\$ 300,000.00	\$ -	\$ 300,000.00	\$ 136,955.55	\$ 163,044.45	Rick Whetsel	
OMNI504-301-01	504-00	OmniEarth Inc	Web Based Water Consumption Reporting	09/21/2015	12/31/2018	\$ 1,500,000.00	\$ -	\$ 1,500,000.00	\$ 858,679.20	\$ 641,320.80	Mark Norton	
RMC504-401-04	504-04	Woodard & Curran	SARCCUP Program Mgmt Services	07/01/2018	06/30/2019	\$ 224,485.00	\$ -	\$ 224,485.00	\$ 37,310.24	\$ 187,174.76	Ian Achimore	
										<u>\$ 5,260,898.32</u>		

## LIST OF SAWPA FUNDS

<b>Fund No.</b>	<b>Fund Description</b>	<b>Fund Group</b>
100-00	General Fund	General
100-03	State Lobbying	General
100-04	Federal Lobbying	General
100-05	Grant Applications	General
130	Proposition 84 – Program Management - Round 1	OWOW
135	Proposition 84 – Program Management – Round 2	OWOW
140	Proposition 84 – Program Management – Drought Round	OWOW
145	Proposition 84 – Program Management – 2015 Round	OWOW
240	Brine Line Enterprise	Brine Line
320-01	Brine Line Protection – Downstream Prado	Capital Projects
320-03	Brine Line Protection Above Prado	Capital Projects
320-04	Brine Line Protection D/S Prado in Riverside County	Capital Projects
326	Reach V Capital Repairs	Capital Projects
327	Reach IV-D Corrosion Repair	Capital Projects
370-01	Basin Planning General	OWOW
370-02	USBR Partnership Studies	OWOW
372	Imported Water Recharge Work Group	Roundtable
373	Watershed Management (OWOW)	OWOW
374	Basin Monitoring Program Task Force	Roundtable
381	Santa Ana River Fish Conservation	Roundtable
384-01	MSAR TMDL Task Force	Roundtable
386	Regional Water Quality Monitoring Task Force	Roundtable
387	Arundo Management & Habitat Restoration	Roundtable
392	Emerging Constituents Task Force	Roundtable
396	Forest First	Roundtable
397	Energy – Water DAC Grant Project	OWOW
398	Proposition 1 - DACI	OWOW
477	LESJWA Administration	Roundtable
504-01	Proposition 84 – Capital Projects Round 1 & 2	OWOW
504-00	Proposition 84 – Drought Capital Projects	OWOW
504-04	Proposition 84 – Final Round SARCCUP	OWOW

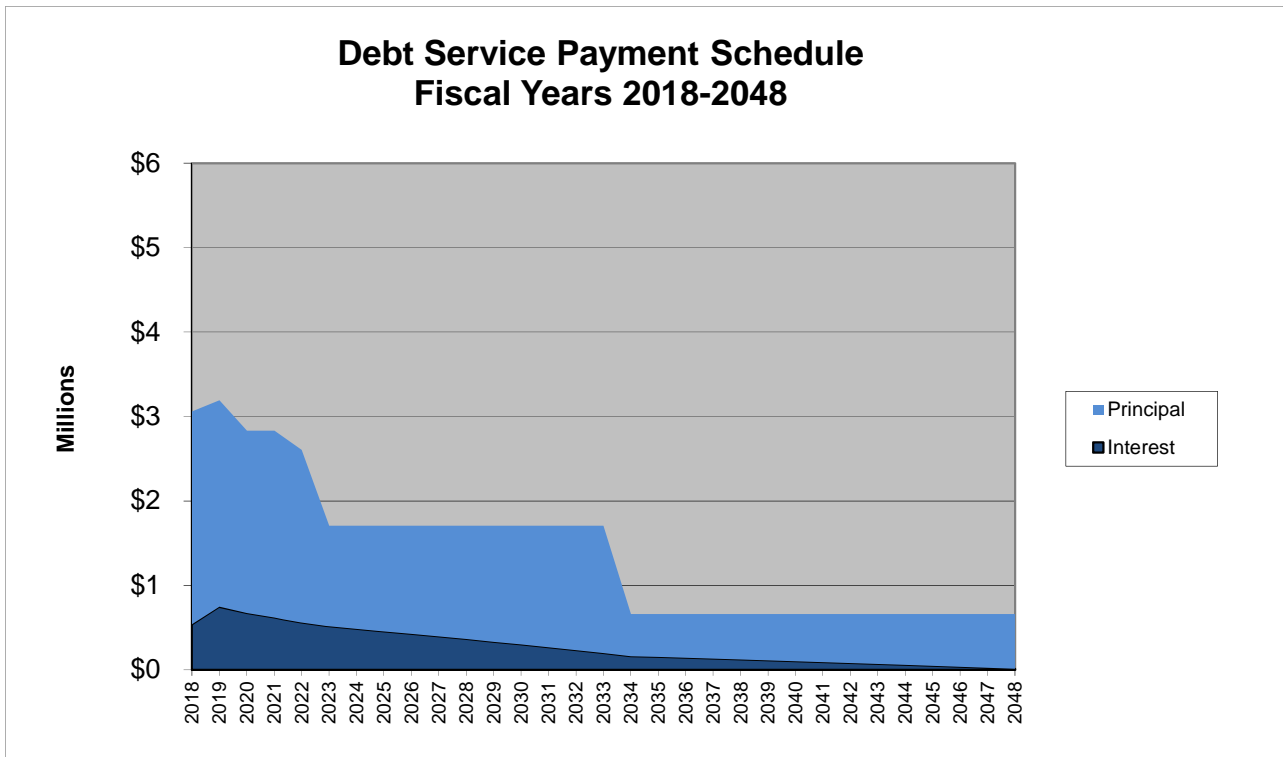
Santa Ana Watershed Project Authority  
 Brine Line Debt Service Funding Analysis  
 September 30, 2018

FYE	T-Strip Maturity	Capacity Loan Receipts	Rates	Loan Pymts	Interest Earned *	Excess Cash	Ending Cash Balance
	Beginning Balance						5,335,350
2019	395,000	89,053	1,708,750	(3,191,277)	26,392	(972,082)	4,363,268
2020	395,000	-	1,708,750	(2,835,027)	56,175	(675,102)	3,688,166
2021	-	-	1,708,750	(2,835,027)	42,673	(1,083,604)	2,604,562
2022	-	-	1,708,750	(2,607,713)	21,001	(877,961)	1,726,601
2023	-	-	1,708,750	(1,708,750)	3,442	3,442	1,730,043
2024	-	-	1,708,750	(1,708,750)	3,511	3,511	1,733,554
2025	-	-	1,708,750	(1,708,750)	3,581	3,581	1,737,135
2026	-	-	1,708,750	(1,708,750)	3,653	3,653	1,740,787
2027	-	-	1,708,750	(1,708,750)	3,726	3,726	1,744,513
2028	-	-	1,708,750	(1,708,750)	3,800	3,800	1,748,313
2029	-	-	1,708,750	(1,708,750)	3,876	3,876	1,752,189
2030	-	-	1,708,750	(1,708,750)	3,954	3,954	1,756,143
2031	-	-	1,708,750	(1,708,750)	4,033	4,033	1,760,175
2032	-	-	1,708,750	(1,708,750)	4,113	4,113	1,764,289
2033	-	-	1,708,749	(1,708,749)	4,196	4,196	1,768,484
2034	-	-	664,476	(664,476)	4,280	4,280	1,772,764
2035	-	-	664,476	(664,476)	4,365	4,365	1,777,130
2036	-	-	664,476	(664,476)	4,452	4,452	1,781,581
2037	-	-	664,476	(664,476)	4,541	4,541	1,786,124
2038	-	-	664,476	(664,476)	4,632	4,632	1,790,755
2039	-	-	664,476	(664,476)	4,725	4,725	1,795,480
2040	-	-	664,476	(664,476)	4,819	4,819	1,800,299
2041	-	-	664,476	(664,476)	4,916	4,916	1,805,215
2042	-	-	664,476	(664,476)	5,014	5,014	1,810,229
2043	-	-	664,476	(664,476)	5,114	5,114	1,815,344
2044	-	-	664,476	(664,476)	5,217	5,217	1,820,560
2045	-	-	664,476	(664,476)	5,321	5,321	1,825,881
2046	-	-	664,476	(664,476)	5,427	5,427	1,831,309
2047	-	-	664,476	(664,476)	5,536	5,536	1,836,844
2048	-	-	664,476	(664,476)	5,647	5,647	1,842,492
	790,000	89,053	35,598,389	(40,232,434)	262,132	(3,492,859)	-

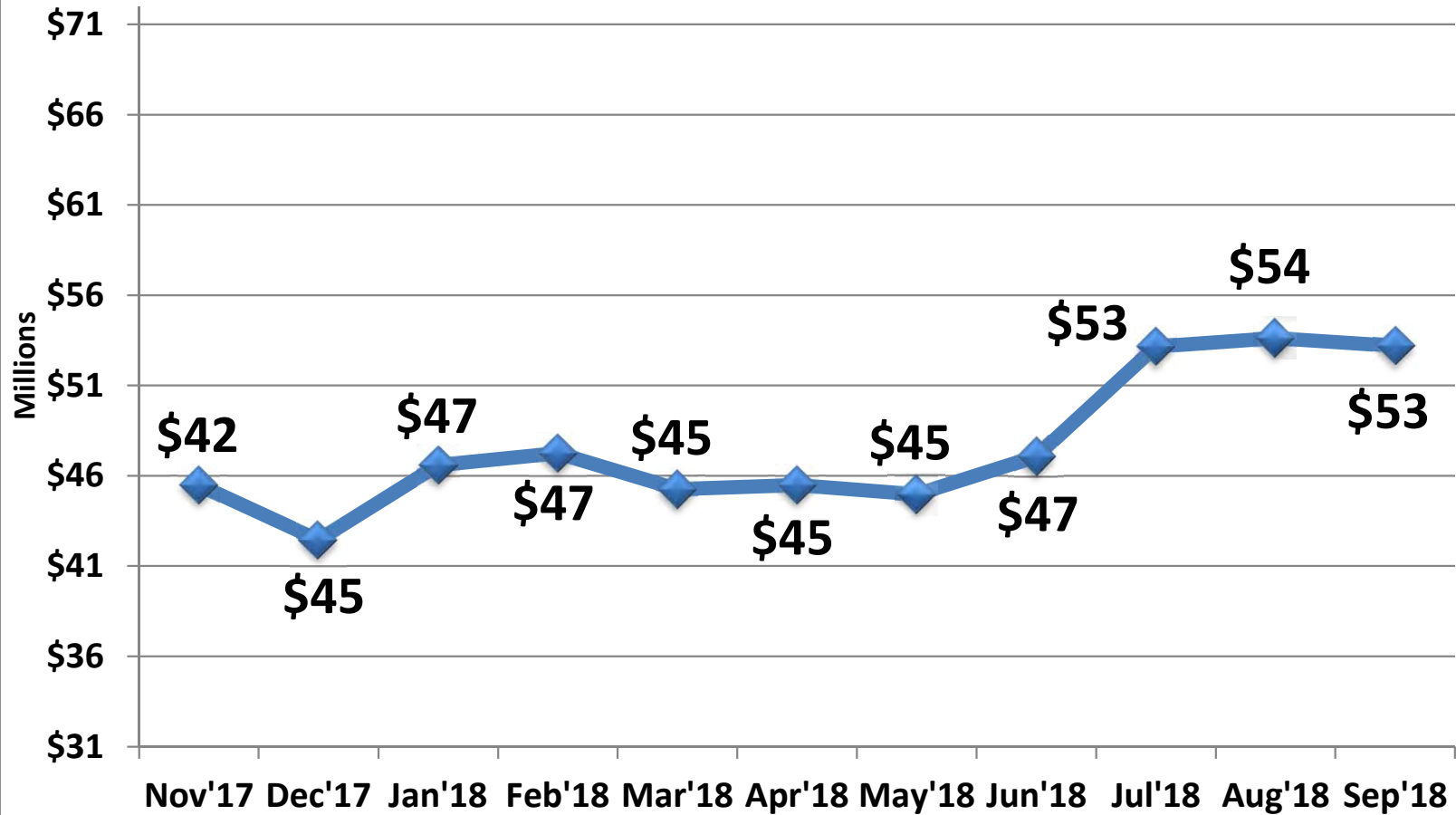
\*Interest earned is based on a conservative 2.00% average return over the period

Santa Ana Watershed Project Authority  
 Brine Line Debt Service Payment Schedule  
 September 30, 2018

FYE	Interest	Principal	Total Payment	New SRF Loan	Remaining Principal
2018	539,727	2,520,997	3,060,725	15,088,592	32,274,537
2019	748,142	2,443,135	3,191,277	-	29,831,402
2020	674,909	2,160,119	2,835,027	-	27,671,283
2021	620,485	2,214,543	2,835,027	-	25,456,740
2022	564,670	2,043,043	2,607,713	-	23,413,697
2023	514,020	1,194,730	1,708,750	-	22,218,967
2024	485,808	1,222,942	1,708,750	-	20,996,026
2025	456,917	1,251,833	1,708,750	-	19,744,193
2026	427,330	1,281,420	1,708,750	-	18,462,774
2027	397,030	1,311,719	1,708,750	-	17,151,054
2028	366,000	1,342,750	1,708,750	-	15,808,304
2029	334,221	1,374,529	1,708,750	-	14,433,776
2030	301,675	1,407,074	1,708,750	-	13,026,701
2031	268,344	1,440,405	1,708,750	-	11,586,296
2032	234,208	1,474,541	1,708,750	-	10,111,755
2033	199,248	1,509,501	1,708,749	-	8,602,254
2034	163,443	501,033	664,476	-	8,101,220
2035	153,923	510,553	664,476	-	7,590,667
2036	144,223	520,254	664,476	-	7,070,413
2037	134,338	530,138	664,476	-	6,540,275
2038	124,265	540,211	664,476	-	6,000,064
2039	114,001	550,475	664,476	-	5,449,589
2040	103,542	560,934	664,476	-	4,888,655
2041	92,884	571,592	664,476	-	4,317,063
2042	82,024	582,452	664,476	-	3,734,611
2043	70,958	593,519	664,476	-	3,141,092
2044	59,681	604,796	664,476	-	2,536,297
2045	48,190	616,287	664,476	-	1,920,010
2046	36,480	627,996	664,476	-	1,292,014
2047	24,548	639,928	664,476	-	652,087
2048	12,390	652,087	664,477	-	(0)



# Total Cash & Investments







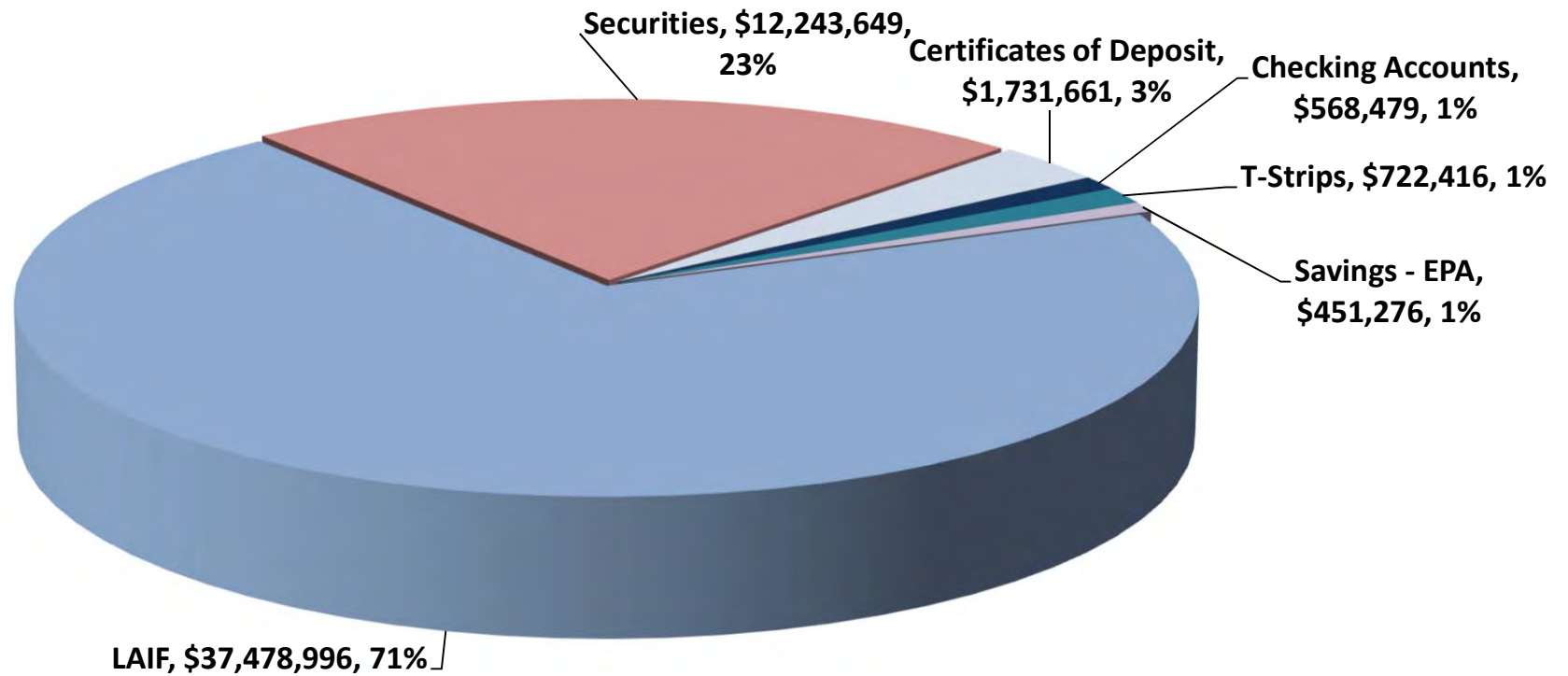
# CASH BALANCE & SOURCE OF FUNDS

September 30, 2018

Reserve Accounts			Cash and Investments					
	Total	Checking (Cash)	LAIF Account	Savings EPA	Investment Securities	Certificates of Deposit	Treasury Strips	Total
100 General Fund	\$ 2,565,331	568,479	1,996,852	-	-	-	-	\$ 2,565,331
100 Building Reserve	\$ 1,014,730	-	1,014,730	-	-	-	-	\$ 1,014,730
370 Basin Planning General	\$ 396,433	-	396,433	-	-	-	-	\$ 396,433
370 USBR Partnership Studies	\$ 53,492	-	53,492	-	-	-	-	\$ 53,492
373 Watershed Management Plan	\$ 315,234	-	315,234	-	-	-	-	\$ 315,234
240 Self Insurance Reserve	\$ 4,031,392	-	4,031,392	-	-	-	-	\$ 4,031,392
240 Brine Line Debt Retirement	\$ 4,888,429	-	4,166,013	-	-	-	722,416	\$ 4,888,429
240 Brine Line - Pipeline Replacement	\$ 16,287,515	-	2,312,205	-	12,243,649	1,731,661	-	\$ 16,287,515
240 Brine Line - OCSD Rehabilitation	\$ 3,575,919	-	3,575,919	-	-	-	-	\$ 3,575,919
240 Brine Line - Capacity Management	\$ 11,451,577	-	11,451,577	-	-	-	-	\$ 11,451,577
240 Brine Line - OCSD Future Capacity	\$ 1,753,246	-	1,753,246	-	-	-	-	\$ 1,753,246
240 Brine Line - Flow Imbalance Reserve	\$ 94,097	-	94,097	-	-	-	-	\$ 94,097
240 Brine Line - Operating Reserve	\$ 3,242,249	-	3,242,249	-	-	-	-	\$ 3,242,249
401 Legal Defense Fund	\$ 451,276	-	-	451,276	-	-	-	\$ 451,276
372 Imported Water Recharge	\$ (792)	-	(792)	-	-	-	-	\$ (792)
374 Basin Monitoring Program TF	\$ 485,068	-	485,068	-	-	-	-	\$ 485,068
381 SAR Fish Conservation	\$ 158,477	-	158,477	-	-	-	-	\$ 158,477
384 Middle SAR TMDL TF	\$ 17,014	-	17,014	-	-	-	-	\$ 17,014
386 RWQ Monitoring TF	\$ 381,816	-	381,816	-	-	-	-	\$ 381,816
387 Mitigation Bank Credits	\$ 944,518	-	944,518	-	-	-	-	\$ 944,518
392 Emerging Constituents TF	\$ 119,471	-	119,471	-	-	-	-	\$ 119,471
397 Energy - Water DAC Grant	\$ 168,569	-	168,569	-	-	-	-	\$ 168,569
504 Prop 84 - SARCCUP Projects	\$ 801,416	-	801,416	-	-	-	-	\$ 801,416
	\$ 53,196,477	\$ 568,479	\$ 37,478,996	\$ 451,276	\$ 12,243,649	\$ 1,731,661	\$ 722,416	\$ 53,196,477

## Cash & Investments - September 2018

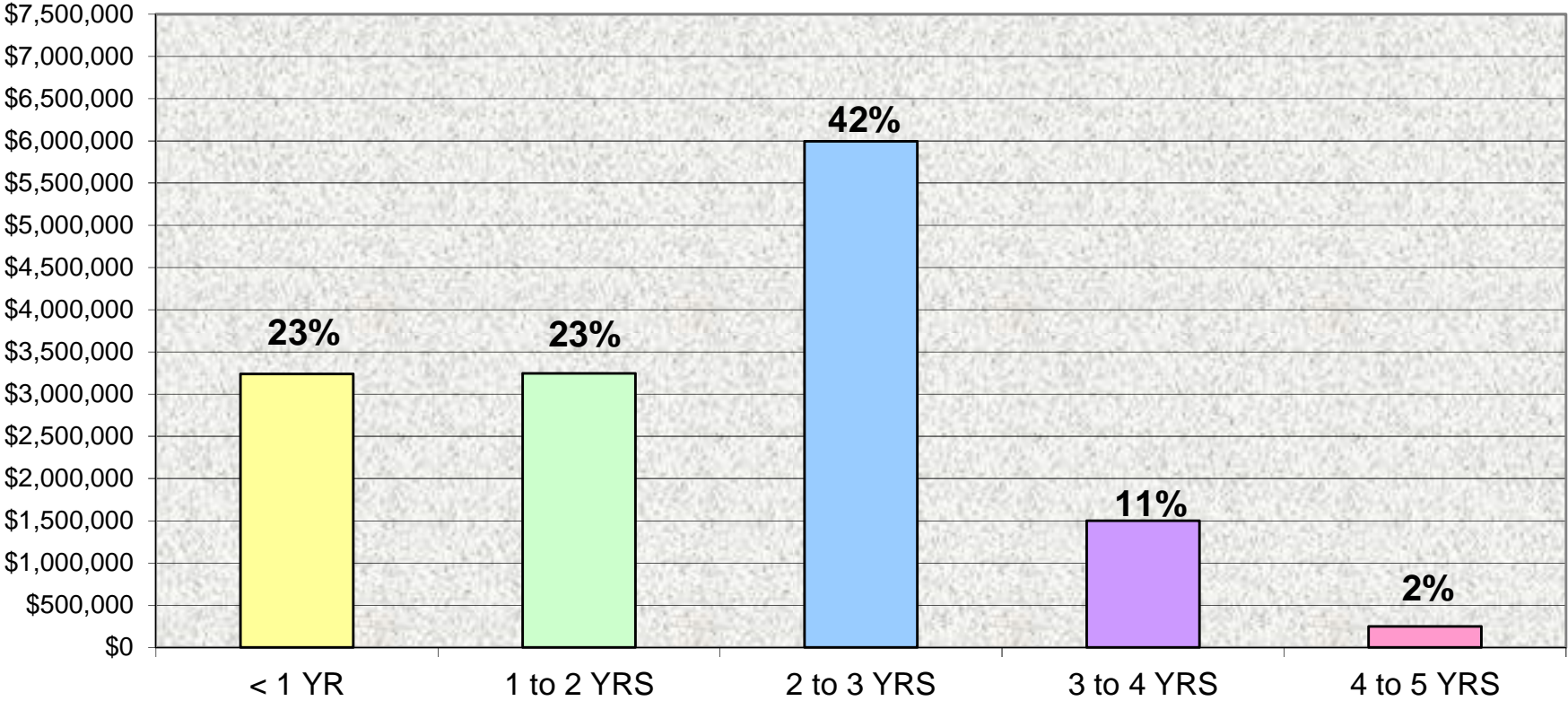
**\$53,196,477**



Santa Ana Watershed Project Authority  
Reserve Account Analysis  
September 30, 2018

Reserve Account	Balance @ 6/30/2018	Interest Earned	Fund Contributions	Loan/T-Strip Receipts	Debt Service Payments	Inter-Fund Loans	Fund Expenses	Balance @ 9/30/2018	Estimated Fund Changes	Balance @ 6/30/2019
Brine Line Operating Reserve	2,585,699	14,527	2,611,989				(1,969,967)	3,242,249	-	3,242,249
Flow Imbalance Reserve	93,670	427						94,097	-	94,097
OCSD Future Capacity	1,745,247	7,999						1,753,246	-	1,753,246
Capacity Management	11,352,490	40,416	58,671					11,451,577	-	11,451,577
Pipeline Replacement	11,309,285	52,435	375,000			4,550,796		16,287,515	(815,836)	15,471,680
OCSD Rehabilitation	3,559,605	16,315						3,575,919	-	3,575,919
Debt Retirement	5,157,252	21,503	469,786		(1,482,528)			4,166,013	2,215,154	6,381,167
Self Insurance	3,988,170	18,222	25,000					4,031,392	75,000	4,106,392
General Fund	2,636,095	14,063	652,570			(658,299)	(79,098)	2,565,331	-	2,565,331
Building Reserve	910,526	4,204	100,000					1,014,730	-	1,014,730
	43,338,039	190,109	4,293,017	-	(1,482,528)	3,892,496	(2,049,065)	48,182,069	1,474,318	49,656,387

# Twelve Month Maturity Schedule Securities



**SAWPA**  
**TREASURER'S REPORT**  
As of September 30, 2018

Investment T-Strips  
Safekeeping US Bank

T-STRIPS	Debt	Purchase Date	Maturity Date	PAR	Cost	Initial Discount	Current Discount	Book Value	Market Value	Interest Rate
USB	TVRI	02/11/2000	05/15/2020	790,000.00	228,677.35	561,322.65	67,583.86	722,416.14	766,720.29	6.38%
				\$ 790,000.00	\$ 228,677.35	\$ 561,322.65	\$ 67,583.86	722,416.14	\$ 766,720.29	6.38%

Investment Commercial  
Safekeeping US Bank

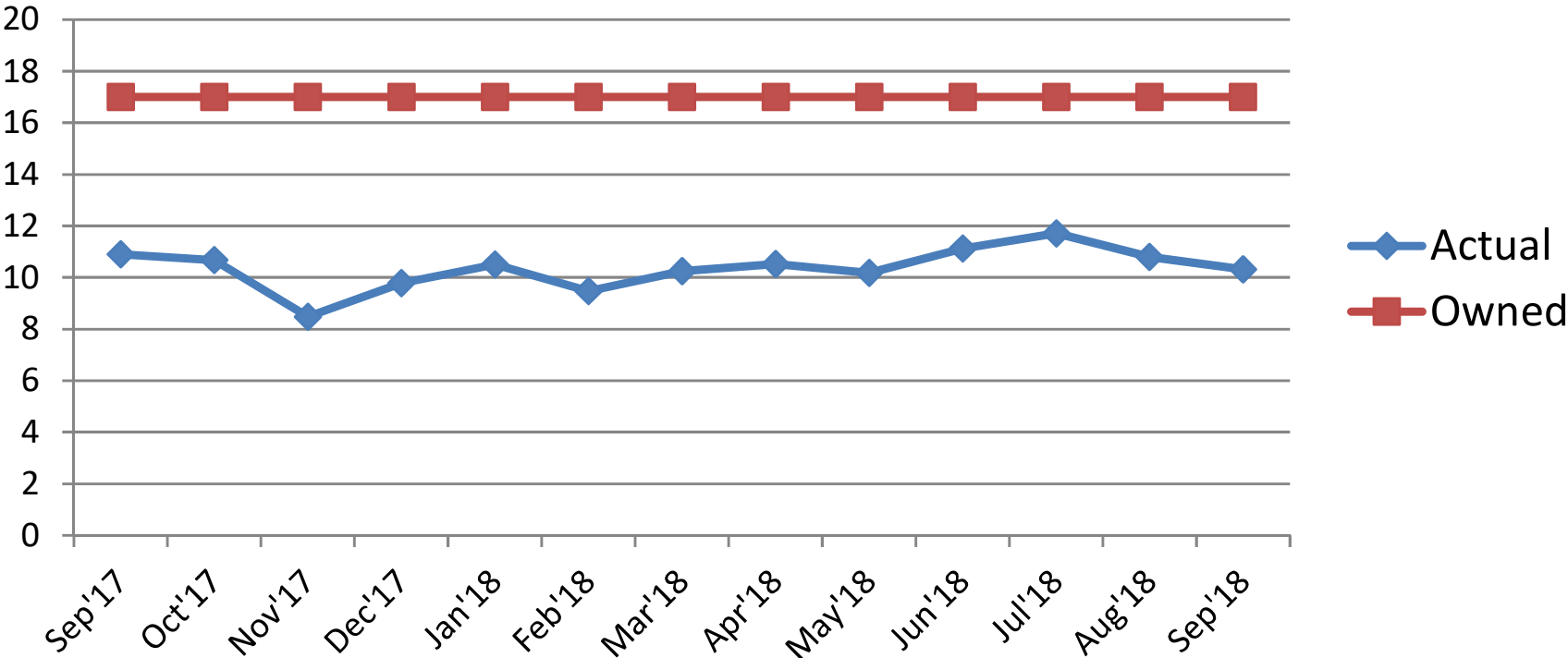
Type	Security	Purchase Date	Maturity Date	Unit Cost	Cost	Principal	Current Value	Market Value	Interest Rate	
Agency	FHLMC	3/27/2014	3/27/2019	109.33	\$ 546,650.00	\$ 500,000.00	\$ 500,000.00	503,217.00	3.75%	
Agency	FHLMC	9/16/2016	8/12/2021	100.00	\$ 990,060.00	\$ 1,000,000.00	\$ 1,000,000.00	950,964.00	1.125%	
Agency	FHLMC	4/17/2017	1/13/2022	102.55	\$ 512,767.00	\$ 500,000.00	\$ 500,000.00	491,058.00	2.375%	
Agency	FHLB	5/26/2015	6/14/2019	100.80	\$ 504,015.00	\$ 500,000.00	\$ 500,000.00	496,882.50	1.63%	
Agency	FHLB	6/16/2016	6/12/2020	102.61	\$ 1,026,088.00	\$ 1,000,000.00	\$ 1,000,000.00	981,562.00	1.75%	
Agency	FHLB	12/14/2017	6/10/2022	99.89	\$ 998,930.00	\$ 1,000,000.00	\$ 1,000,000.00	970,040.00	2.125%	
Agency	FNMA	3/27/2014	2/19/2019	100.40	\$ 501,975.00	\$ 500,000.00	\$ 500,000.00	499,070.50	1.88%	
Agency	FNMA	12/28/2015	12/28/2020	100.21	\$ 1,002,140.00	\$ 1,000,000.00	\$ 1,000,000.00	978,162.00	1.88%	
Agency	FNMA	6/16/2016	11/30/2020	101.52	\$ 1,015,157.00	\$ 1,000,000.00	\$ 1,000,000.00	971,419.00	1.50%	
Agency	USTN	11/17/2015	11/30/2018	100.00	\$ 1,002,500.00	\$ 1,000,000.00	\$ 1,000,000.00	998,424.00	1.25%	
Agency	USTN	11/17/2015	10/31/2020	100.00	\$ 1,005,312.50	\$ 1,000,000.00	\$ 1,000,000.00	977,812.00	1.75%	
Agency	USTN	11/17/2015	11/30/2019	100.00	\$ 1,001,210.94	\$ 1,000,000.00	\$ 1,000,000.00	986,211.00	1.50%	
Agency	USTN	6/17/2016	8/31/2020	101.13	\$ 507,070.31	\$ 500,000.00	\$ 500,000.00	486,406.00	1.38%	
Agency	USTN	6/16/2016	9/30/2020	101.12	\$ 506,992.19	\$ 500,000.00	\$ 500,000.00	485,781.00	1.38%	
Agency	USTN	6/16/2016	10/31/2020	101.12	\$ 506,914.06	\$ 500,000.00	\$ 500,000.00	485,097.50	1.38%	
Agency	USTN	12/14/2017	7/31/2021	96.91	\$ 969,062.50	\$ 1,000,000.00	\$ 1,000,000.00	951,953.00	1.125%	
CD	Ally Bank	4/20/2017	4/20/2020	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,000.00	1.80%	
CD	American Exp Centurion	4/19/2017	4/19/2021	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,000.00	2.25%	
CD	American Express BK FSB	5/10/2017	5/10/2021	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,000.00	2.20%	
CD	Capital One Bank USA NA	9/30/2015	10/1/2018	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,000.00	1.65%	
CD	Capital One NA	9/30/2015	10/1/2018	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,000.00	1.65%	
CD	Wells Fargo Bank NA	12/2/2015	12/3/2018	100.00	\$ 245,000.00	\$ 245,000.00	\$ 245,000.00	244,745.52	1.45%	
CD	Goldman Sachs Bank USA	12/20/2017	12/20/2022	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	248,000.00	2.50%	
						\$ 14,329,844.50	\$ 14,233,000.00	\$ 14,233,000.00	13,946,805.02	1.79%

**Santa Ana Watershed Project Authority  
Treasurer's Report  
As of September 30, 2018**

**Investment** T-Strips  
**Issuer** U.S.Gov't  
**Banker** USB  
**Source of MV** US Bank  
**Debt Service** TVRI

<b>Purchase Date</b>	<b>Maturity Date</b>	<b>Months to Maturity</b>	<b>PAR</b>	<b>Cost</b>	<b>Initial Discount</b>	<b>Current Discount</b>	<b>Book Value</b>	<b>Market Value</b>	<b>Interest Rate</b>
02/11/2002	05/15/2019	12	395,000.00	117,646.80	277,353.20	27,131.95	367,868.05	389,069.08	6.39%
02/11/2000	05/15/2020	24	395,000.00	111,030.55	283,969.45	40,451.91	354,548.09	377,651.21	6.36%
			<b>\$ 790,000.00</b>	<b>\$ 228,677.35</b>	<b>\$ 561,322.65</b>	<b>\$ 67,583.86</b>	<b>\$ 722,416.14</b>	<b>\$ 766,720.29</b>	<b>6.38%</b>

# Average Daily Flow by Month





## SUMMARY OF LABOR MULTIPLIERS

		Benefit Rate
Total Employee Benefits	348,049	0.360
Total Payroll	966,458	
Gross Indirect Costs	877,734	
Less: Member Contributions & Other Revenue	(112,500)	
Indirect Costs for Distribution	765,234	
		Indirect Rate
Direct Labor	547,045	1.399
Indirect Costs	765,234	

<b>FY 2017-18 Labor multiplier - thru 09/30/18</b>	<b>1.759</b>
FY 2017-18 Labor multiplier	<u>1.990</u>
FY 2016-17 Labor multiplier	<u>1.901</u>
FY 2015-16 Labor multiplier	<u>2.073</u>
FY 2014-15 Labor multiplier	<u>1.850</u>
FY 2013-14 Labor multiplier	<u>2.105</u>





## INDIRECT COSTS

*( to be Distributed )*

<u>G/L Acct.</u>	<u>Description</u>	<u>Actual thru</u> <u>9/30/18</u>
51000	Salaries - Regular	\$ 419,413
52000	Benefits	\$ 143,201
60111	Tuition Reimbursement	\$ -
60112	Training	\$ 108
60113	Education	\$ -
60114	Other Training & Education	\$ 1,333
60120	Audit Fees	\$ 7,500
60121	Consulting	\$ 49,182
60126	Temporary Services	\$ 11,614
60128	Other Professional Services	\$ 700
60129	Other Contract Services	\$ -
60130	Legal Fees	\$ 354
60133	Employment Recruitment	\$ -
60153	Materials & Supplies	\$ -
60154	Safety	\$ 548
60155	Security	\$ 572
60156	Custodial Contract Services	\$ 2,809
60157	Landscaping Maintenance	\$ 2,355
60158	HVAC	\$ 254
60159	Facility Repair & Maintenance	\$ 1,963
60160	Telephone	\$ 4,237
60161	Cellular / Paging Services	\$ 2,909
60163	Electricity	\$ 4,384
60164	Water Services	\$ 1,136
60170	Equipment Expensed	\$ 1,827

(Continued - next column)

<u>G/L Acct.</u>	<u>Description</u>	<u>Actual thru</u> <u>9/30/18</u>
60171	Equipment Rented	\$ 9,590
60172	Equipment Repair / Maintenance	\$ 443
60180	Computer Hardware	\$ 5,629
60181	Software / Updates / Licensing	\$ 62,591
60182	Internet Services	\$ 3,872
60183	Computer Supplies	\$ 1,555
60184	Computer Repair / Maintenance	\$ -
60190	Offsite Meeting / Travel Expense	\$ 42
60191	In House Meetings	\$ 172
60192	Conference Expense	\$ 3,610
60193	Car, Repair, Maint	\$ -
60200	Dues	\$ 675
60202	Subscriptions	\$ -
60203	Contributions	\$ 10,000
60210	Bank Charges	\$ -
60211	Shipping / Postage	\$ 197
60212	Office Supplies	\$ 3,509
60213	Offsite Storage	\$ 1,559
60220	Commission Fees	\$ 3,800
60221	Commission Mileage Reimb.	\$ 528
60222	Other Commission Expense	\$ 153
60230	Other Expense	\$ 99
80000	Retiree Medical Expense	\$ 28,250
80001	Insurance Expense	\$ 23,285
80000	Building Repair/Replacement Reserve	\$ 25,000
13005	Fixed Assets	\$ 36,774

**Total Costs**      \$      877,734

Direct Costs Paid by Projects	\$ 642,569
Member Contribution Offset	\$ 112,500
	\$ 755,069

Over allocation %	-16.0%
Over (Under) Allocation of General Fund Costs	\$ (122,665)



## BENEFITS SUMMARY

*(Distributed based on Actual Labor)*

<u>G/L Acct</u>	<u>Description</u>	<u>Budget</u>	<u>Actual @ 9/30/18</u>	<u>Projected FYE 2019</u>
70101	FICA Expense	191,217 \$	43,089 \$	172,356
70102	Medicare Expense	56,479 \$	12,140 \$	48,560
70103	State Unemployment Insurance	5,824 \$	269 \$	6,300
70104	Worker's Compensation Insurance	102,821 \$	13,838 \$	68,288
70105	State Disability Insurance	25,551 \$	6,116 \$	24,464
70106	PERS Pension Plan	730,279 \$	130,103 \$	520,410
70111	Medical Expense	459,036 \$	113,285 \$	453,140
70112	Dental Expense	32,630 \$	6,930 \$	27,720
70113	Vision Insurance	8,255 \$	1,845 \$	7,380
70114	Life Insurance Expense	16,014 \$	3,714 \$	14,856
70115	Long Term Disability	18,657 \$	4,192 \$	16,768
70116	Wellness Program Expense	3,500 \$	528 \$	2,112
70117	401a Profit Sharing - Employers Contribution	-	-	-
70120	Car Allowance	36,000 \$	12,000 \$	48,000
	<b>Total Benefits</b>	1,686,263	348,049	1,410,354
	<b>Total Payroll</b>	3,859,112 \$	966,458 \$	3,865,832
	<b>Benefits Rate</b>	43.7%	36.0%	36.5%

Santa Ana Watershed Project Authority  
 Labor Hours Budget vs Actual  
 Month Ending September 30, 2018

Fund	Budget	Actual	%	
100	General & Administrative	24,625	7,371	29.93%
130	Prop 84 Round 1 Administration	815	137	16.78%
135	Prop 84 Round 2 Administration	830	154	18.49%
140	Prop 84 2014 Drought Administration	600	262	43.71%
145	Prop 84 Final Round Administration	1,735	155	8.93%
240	Brine Line Enterprise	18,250	4,734	25.94%
320	Brine Line Protection	245	35	14.29%
326	Reach V Capital Repairs	795	93	11.67%
327	Reach IV-D Corrosion Repairs	1,475	37	2.53%
370-01	General Basin Planning	2,365	428	18.09%
370-02	USBR Partnership Studies	110	3	2.73%
372	Imported Water Recharge	60	0	0.42%
373	Watershed Management Plan	2,775	436	15.69%
374	Basin Monitoring Program	419	110	26.19%
381	SAR Fish Conservation	190	79	41.32%
384-01	Chino TMDL Facilitation	165	50	30.00%
386MONIT	Storm Water Quality Standards TF	130	15	11.73%
387	Arundo Removal & Habitat Restoration	173	36	20.66%
392	Emerging Constituents	54	15	27.78%
396	Forest First	20	-	0.00%
397	Water-Energy Grant Administration	464	75	16.06%
397EXPAN	Water-Energy WVWD Administration	-	35	100.00%
398ADMIN	DACI Grant	2,435	161	6.60%
477-02	LESJWA - Administration	330	56	17.05%
477TMDL	LESJWA - TMDL Task Force	720	165	22.95%
504-301A	Prop 84 2014 Drought Implementation	765	34	4.38%
504-301C	Prop 84 2014 Drought Implementation	485	317	65.26%
504-401I	Prop 84 Final Round Implementation	90	26	28.89%
504-401PA23	Prop 84 Final Round Implementation	475	26	5.47%
504-401WUEAMDIN	Prop 84 Final Round Implementation	195		0.00%
504-402SMART	Prop 84 Final Round Implementation	290	32	11.03%
		62,080	15,073	24.28%

Note: Should be at 25% of budget for 3 months

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# General Manager's Report

November 2018

Santa Ana Watershed Project Authority | 11615 Sterling Avenue, Riverside, CA 92503 | www.sawpa.org

## INSIDE THE NOVEMBER REPORT

- 1 ACWA 2018 Fall Conference and Exhibition
- 2 Lease Capacity Pool Agreement
- 3 Brine Line Marketing Plan
- 4 Project Agreement (PA) 24 Update
- 5 SAWPA Parking Lot Status
- 6 Meetings with Legislators
- 7 2019 State of the Santa Ana River Watershed Conference
- 8 SAWPA Office Holiday Closure

## ACWA 2018 Fall Conference and Exhibition

SAWPA is participating on an Association of California Water Agencies (ACWA) conference panel entitled “Making Water Use Data and Technology a California Way of Life?” at 3:30pm on November 28, 2018 in San Diego, as part of the ACWA 2018 Fall Conference and Exhibition. The panel will focus on the data and programs provided by the SAWPA Project Agreement 22 Committee such as the 2015 high resolution aerial imagery used to measure irrigated and irrigable landscapes across the watershed, conservation-based water rates program, and the ESRI Customer Parcel Water Budget Tool. The Department of Water Resources and the City of Chino Hills, who partnered with SAWPA on the conservation-based rate program, will also participate on the panel.



## Lease Capacity Pool Agreement (Brine Line)

SAWPA staff is working with Member Agency staff to incorporate comments and minor details received on the draft Lease Capacity Pool Agreement. The purpose of the Lease Capacity Pool Agreement is to establish a brine line capacity pool to allow smaller brine dischargers to lease pipeline and treatment and disposal capacity rights from SAWPA rather than having to purchase capacity rights typically with a large upfront capital cost. In addition, SAWPA staff is working with OCS&D staff to obtain an updated cost to purchase 1 million gallons per day (MGD) of Treatment and Disposal Capacity. The value of 1 MGD of Treatment and Disposal Capacity is necessary to develop the lease rate for the capacity pool. It is anticipated the Lease Capacity Pool Agreement will be presented to the Commission in December 2018.

## Brine Line Marketing Plan

Additional efforts to market the Brine Line will continue with completion of the Lease Capacity Pool Agreement and establishment of the lease rate. Upon approval and establishment of the lease capacity pool, staff will reach out to Cities and Water Agencies to inform them of a new cost effective way to connect smaller brine dischargers to the Brine Line.

## Project Agreement (PA) 24 Update

Staff and Member Agency General Managers met November 13th to review and consider the most recent draft of the PA 24 agreement; topics included operational issues and makeup of the PA 24 Committee. An oral update will be provided.



## SAWPA Parking Lot Status

SAWPA is in coordination with Western Municipal Water District to evaluate repair options for the SAWPA parking lot, through which the La Sierra Pipeline was constructed. Webb and Associates has prepared a design to address parking lot issues discovered during the installation of the pipeline. The average asphalt thickness in the existing parking lot is 2 inches. WMWD has asked its contractor, WA Rasic, to provide a cost estimate to add a 1 inch asphalt overlay over the existing parking lot and make minor drainage improvements and provide striping. All parking lot improvements will take place during SAWPA non-business hours or weekends. Additionally, WA Rasic is expected to make some minor repairs to the parking lot curb, gutter, and driveway entrance which were damaged during the course of installation of the pipeline through the parking lot. All improvements are expected to be completed by early-2019.

## Meetings with State Legislators

Following up on productive meetings with several offices last January, at which the WECAN Project garnered much praise and interest, staff targeted the time period after the election and before the new session starts to meet with members in their districts about other SAWPA opportunities to make use of the Greenhouse Gas Reduction Fund. At the time of this report, West Coast Advisors has set up meetings for staff on November 14th with Legislators.

## 2019 State of the Santa Ana River Watershed Conference

2019 State of the Santa Ana River Watershed Conference

**Save the Date**

**March 29, 2019**

Titan Student Union  
Portola Pavilion at  
California State University, Fullerton

JOIN LEADERS • EXCHANGE IDEAS • TAKE ACTION

WATER EDUCATION FOUNDATION

The 2019 State of the Santa Ana River Watershed Conference, formerly the Santa Ana River Watershed Conference, will be held March 29, 2019 at California State University, Fullerton. Conference topics will include the One Water One Watershed (OWOW) Plan Update 2018 and the California Water Plan Update 2018. Additional information will be forthcoming.

## SAWPA Office Holiday Closure

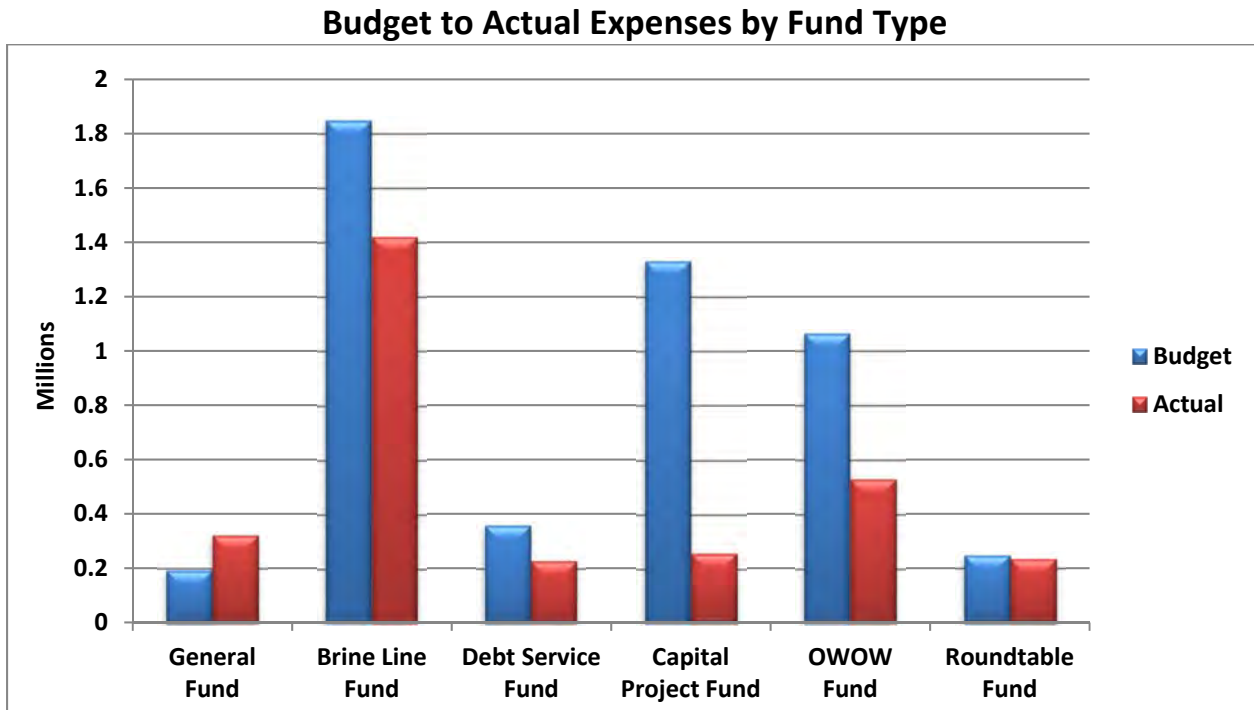
In our continuing efforts to reduce our carbon footprint, SAWPA will be closed the week of Christmas. Our offices will be closed from Monday, December 24th through Tuesday, January 1st. Our offices will re-open on Wednesday, January 2nd.

**Santa Ana Watershed Project Authority  
Executive Financial Information Report  
August 2018**

*Staff comments provided on the last page are an integral part of this report.*

<b>Overview</b>	This report highlights the agency's key financial indicators for the Fiscal Year-to-Date (FYTD) through August 2018 unless otherwise noted.
-----------------	---

Budget to Actual Expenses by Fund Type	<b>Favorable</b>			
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
General Fund	\$650,695	\$191,783	\$319,327	(\$127,544)
Brine Line Enterprise	11,090,586	1,848,431	1,419,959	428,472
Debt Service Fund	3,183,451	356,250	227,182	129,068
Capital Project Fund	7,986,032	1,331,005	257,096	1,073,909
OWOW Fund	6,380,106	1,063,351	528,879	534,472
Roundtable Fund	1,475,981	245,997	233,303	12,694
Total	\$30,766,852	\$5,036,817	\$2,985,746	\$2,051,071



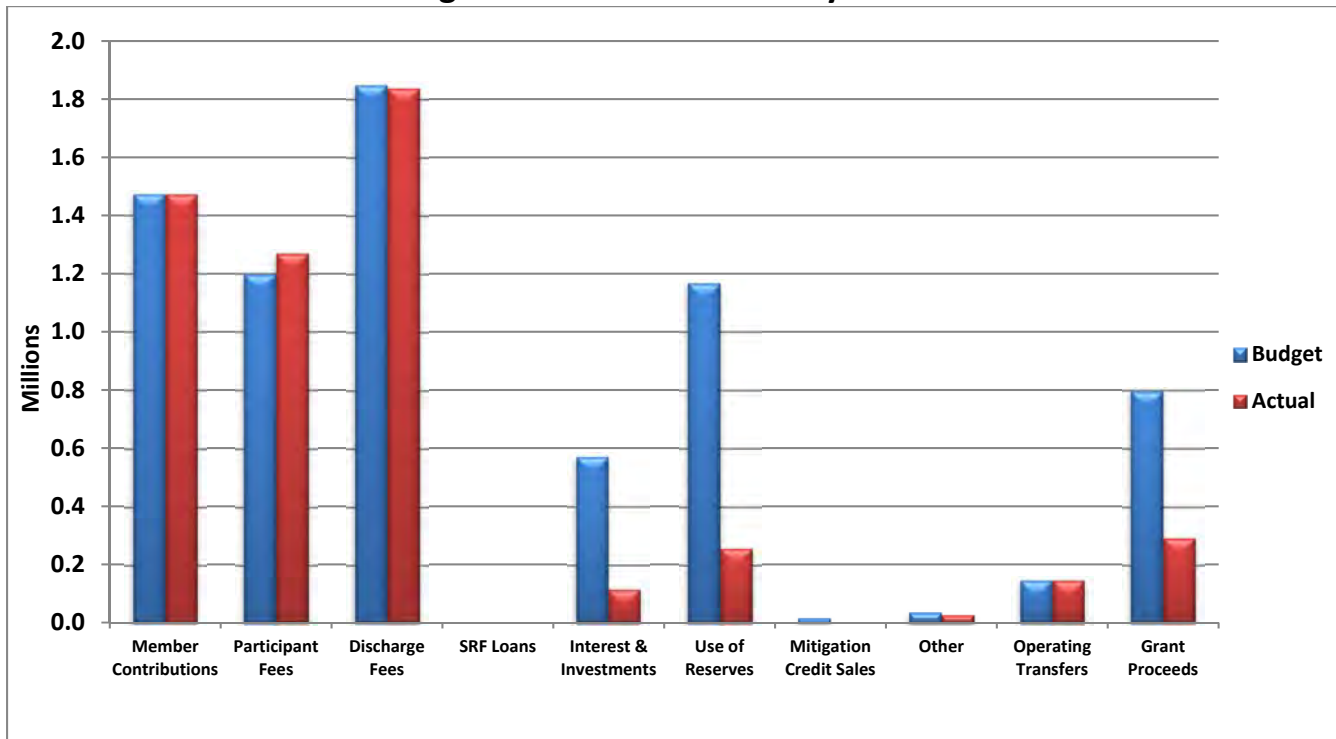
## Budget to Actual Revenues by Source



**Concern**

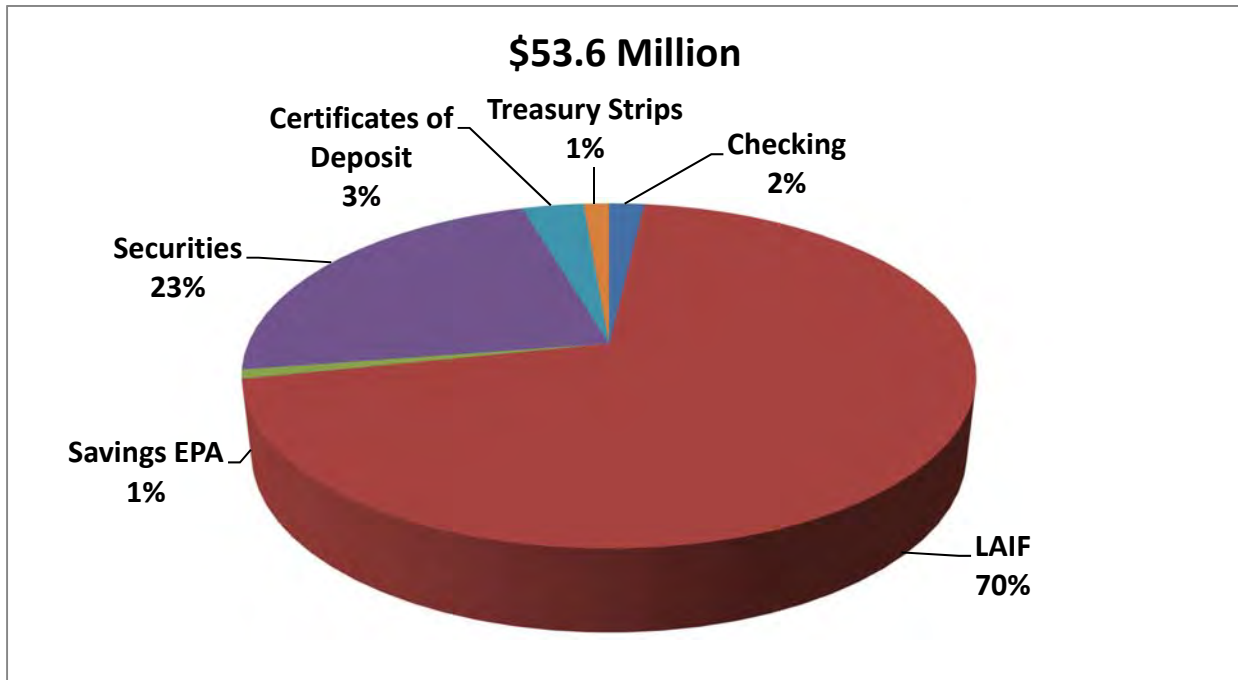
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Member Contributions	\$1,471,695	\$1,471,695	\$1,471,695	\$-
Participant Fees	1,309,273	1,196,965	1,268,316	71,351
Discharge Fees	11,090,587	1,848,431	1,838,096	(10,335)
SRF Loans	3,000,000	-	-	-
Interest & Investments	1,173,582	570,249	116,530	(453,719)
Use of Reserves	6,995,901	1,165,984	257,096	(908,888)
Mitigation Credit Sales	88,980	14,830	-	(14,830)
Other	206,674	34,446	26,299	(8,147)
Operating Transfers	144,252	144,252	144,252	-
Grant Proceeds	4,777,256	796,209	292,794	(503,415)
<b>Total</b>	<b>\$30,258,200</b>	<b>\$7,243,061</b>	<b>\$5,415,078</b>	<b>(\$1,827,983)</b>

### Budget to Actual Revenues by Source





## Total Cash & Investments - August







## Reserve Fund Balance - August

	Amount
General Fund	\$2,625,131
Building Fund	1,014,730
Legal Defense Fund	451,276
OWOW Fund	1,307,588
Roundtable Fund	2,448,133
Self Insurance	4,023,058
Debt Retirement	5,630,930
Pipeline Replacement	16,220,801
OCSD Rehabilitation	3,575,919
Capacity Management	11,392,906
Future Capacity	1,753,246
Flow Imbalance	94,097
Brine Line Operating	3,533,243
<b>Total Reserves</b>	<b>\$53,619,782</b>

## Legend

### Compared to Budget

	Ahead or Favorable	Above +5% Favorable Revenue or Expense Variance
	On Track	+5% to -2% Variance
	Behind	-3% to -5% Variance
	Concern	Below -5% Variance

## Staff Comments

For this month's report, the item(s) explained below are either "behind", a "concern", or have changed significantly from the prior month.

- 1) Total revenues are 25% below budget. Since this is the second month of the FYE 2019 Budget, projects tend to start out slowly. It is anticipated that all projects will be on track with the budget at the end of the fiscal year.

# **GENERAL MANAGERS MEETING NOTES**

---

TUESDAY, NOVEMBER 13, 2018

## **PARTICIPANTS PRESENT**

Paul Jones  
Doug Headrick  
Craig Miller  
Rich Haller (Via-Conference Call)  
Larry McKenney  
Mark Norton  
David Ruhl  
Carlos Quintero  
Zyanya Ramirez

## **REPRESENTING**

Eastern Municipal Water District  
San Bernardino Valley Municipal Water District  
Western Municipal Water District  
Santa Ana Watershed Project Authority  
Santa Ana Watershed Project Authority  
Santa Ana Watershed Project Authority  
Santa Ana Watershed Project Authority  
Santa Ana Watershed Project Authority  
Santa Ana Watershed Project Authority

## **CALL TO ORDER**

The meeting was called to order at 7:32 a.m. at SAWPA, 11615 Sterling Avenue, Riverside, California.

## **FUTURE SAWPA COMMISSION AGENDA ITEMS**

The 2018 Agenda Planning Matrix was handed out to the General Managers (SAWPA Commission, OWOW Steering Committee, PA22, PA23, and Outside Meetings). Rich Haller reported that the PA24 will be presented for Commission consideration in January 2019.

## **ROUNDTABLES UPDATE**

Mark Norton provided a status report on the following Roundtables:

- Basin Monitoring Program Task Force (BMP Task Force):
  - Santa Ana River Wasteload Allocation Model (WLAM) - The WLAM is expected to be completed by the end of 2018. After completion, it will go onto the Basin Plan Amendment process.
  - Triennial Ambient Water Quality (AWQ) Update - The BMP Task Force agreed to begin the scoping process early for the next AWQ Update and intends to hire a consultant by March of 2019.
  - I-15 Express Lanes Project Dewatering - Skanska (construction and development firm) will meet with the BMP Task Force at the November 14 meeting to discuss their TDS offset request. This is a temporary dewatering project of approximately 18 months and would be considered a de minimis permit.
- Emerging Constituents Program Task Force (EC Task Force): The EC Task Force may reconvene as there is interest by agencies on new emerging constituents called PFOAs and PFOs, which are types of fire retardants. There are leftover funds in the EC Task Force, but SAWPA will need to discuss EC Task Force's involvement with the Regional Board prior to reconvening.
- Imported Water Recharge Workgroup (IWR Workgroup) – The IWR Workgroup is still working on the Draft Term Sheet and is exploring the option of merging with the BMP Task Force.
- Santa Ana River Fish Conservation Task Force – The Santa Ana Sucker Habitat Protection and Beneficial Use Enhancement Project is now complete. Work was done by SAWPA in-house staff and completed well within budget. Norton thanked the SAWPA Engineering and Operations department for their work.
- Lake Elsinore Advanced Pumped Storage Project (LEAPS) – Norton explained that a lot of work and studies still needs to be done. There are concerns by elected officials of potential negative impacts. LESJWA's Chair, Robert Magee, has requested briefings of this project at LESJWA meetings.

## **OWOW UPDATE**

Mark Norton provided updates on the following:

- OWOW Steering Committee (OWOW SC) 11/15/18 - SAWPA had a meeting with Orange County Stakeholder on October 18. SAWPA received their input to the OWOW Rating and Ranking system and there was discussion on how to resolve OC Stakeholders' concerns. The OWOW Rating and Ranking system will be brought to the OWOW Steering Committee meeting on November 15. There are no significant changes to the plan update or to SAWPA's process.
- DWR Prop 1 IRWM Implementation PSP SAWPA Comments – Mark Norton handed out the draft letter to be submitted to DWR providing input to the Prop 1 IRWM Implementation PSP. He noted that DWR is set to have two rounds. SAWPA recommended each round be funded as follows: Round 1 - 50%, Round 2 – 50% with 25% to Disadvantaged Communities (DAC). Mark Norton will attend a DWR workshop scheduled today. SAWPA plans to send out a Call for Projects on November 26.
- Water Quality Impact Study from Homeless Encampments RFP – This RFP was posted to the SAWPA website and reflects everyone's comments. SAWPA is looking for cost share partners. The program is expected to be implemented in 2019.

## **AMENDMENTS TO DWR AGREEMENT – SARCCUP CHANGES**

Mark Norton informed the General Managers that an Amendment to the Prop 84 IRWM Round 4 Agreement is currently being reviewed by DWR. SARCCUP anticipates major changes and if submitted now to their current amendment draft with DWR, it may delay the other two projects' amendments. SAWPA staff requested input from the General Managers.

It was the consensus of the General Managers that the current SARCCUP amendment go through this round of amendments and suggested SAWPA explain to DWR the situation and how another amendment for SARCCUP will be submitted in the future.

## **PA24**

McKenney explained that the draft version of PA24 provided with the meeting packet reflected an approach with no JPA amendments, consistent with the JPA allowing the General Managers to be appointed to the project committee, identifying actions included in the SSMP as not being "operating decisions," and including commission approval of brine line rates established by the project committee. Comments suggested several revisions, including specifying that the rates approval would be by majority vote of the commissioners representing PA24 members. McKenney is to circulate a revision based on the discussion at this meeting.

## **OWOW CONFERENCE 2019**

Rich Haller informed the General Managers that there will be a conference call Thursday afternoon with the Water Education Foundation to refine the list of speakers and the agenda for the OWOW Conference. He stated that each General Manager will be asked to participate on a panel to discuss the projects in our Watershed. Commissioners will introduce conference speakers.

## **PROPOSED LEGISLATIVE AFFAIRS CONTRACT**

One proposal was received for the Legislative Affairs two-year contract. The proposal will be brought to the SAWPA Commission for approval on November 20.

Doug Headrick informed the General Managers that SBVMWD will appoint a temporary representative for the SAWPA Commission for the month of December and will appoint an official representative in January. Craig Miller also stated that WMWD representative will be appointed to the SAWPA Commission in January.

Paul Jones left at 8:20 am

### **BRINE LINE UPDATE**

David Ruhl provided updates on the following:

- a. Pretreatment Program Update – SAWPA issued a permit to Pyrite Hill (formally known as Stringfellow). The Pretreatment Workgroup will meet this Thursday.
- b. OCSD Rock Removal – As stated in the last General Managers’ meeting, OCSD Board awarded the Rock Removal contract to Griffith Company. Removal of rock will commence early next year.
- c. Beaumont Request to Discharge to Brine Line – OCSD approved the City of Beaumont’s request to discharge into the Brine Line with four conditional terms. One of the terms being that the City of Beaumont must be part of a MJPA, where SAWPA would oversee their pretreatment program. The City of Beaumont currently has a pretreatment program that is being conducted by G&G Environmental.
- d. Lease Capacity Pool – The most recent draft of the Lease Capacity Pool Agreement was distributed. It is anticipated to have the Lease Capacity Pool Agreement go to the SAWPA Commission for approval in December.
- e. Marketing – Upon approval and completion of the Lease Capacity Pool, SAWPA will be able to promote the Brine Line to Cities and Water agencies.
- f. Customer Data and Information-Web Based – SAWPA is working to create a dashboard from the SAWPA Website where Brine Line customers would be able to access their data (flow, strength). The dashboard will be password protected and user friendly.

### **OPERATIONS UPDATE**

Carlos Quintero provided updates on the following:

- a. Reach IV-B Upper Relocation – The relocation of Reach IV-B commenced last week and is expected to be completed by Monday. Work is being conducted by in-house SAWPA staff.
- b. SAWPA Building Parking Lot – As a result of the La Sierra Pipeline project, part of the scope was to grind and overlay the existing SAWPA parking lot. Unfortunately, it was discovered that the thickness of the parking lot is two inches not three as expected. Therefore, SAWPA staff and WMWD’s consultant are working on a plan to overlay an inch. There was curb damage that will be repaired in the process. SAWPA staff is proposing to add three more parking spots. Additional changes are being made to make sure SAWPA parking lot is in ADA compliance by moving the handicap parking spots next to the EV charging stations and adding a path to the building entrance.

### **SCHEDULING – NEXT GM MEETING**

The next General Managers meeting is scheduled for December 11, 2018, at 7:30 a.m. at SAWPA. The meeting adjourned at 8:43 a.m.

**COMMISSION REVIEW:** November 20, 2018  
2018-11-13 GM Mtg Notes